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To: MARISSA LIU
Location: KNX-4A61
Art Unit: 3694
Wednesday, October 07, 2009

Case Serial Number: 09/992348

From: ROBERT FINLEY
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Search Notes

Dear Examiner Liu:

Please find attached the results of your search for the above-referenced case. The search was conducted in the Business Methods Template databases appropriate for the application.

I have listed *potential* references of interest in the first part of the search results. However, please be sure to scan through the entire report. There may be additional references that you might find useful.

Dialog search results are presented in two formats, Word (.doc) and Acrobat (.pdf).

To navigate this document: use FIND function {Ctrl-F}

- ~~ will find the beginning of each group of results
- ^ will find the tagged items

Information on Dialog databases can be found at: <http://library.dialog.com/bluesheets/>

If you have any questions about the search, or need a refocus, please do not hesitate to contact me.

Thank you for using the EIC, and we look forward to your next search.

I.	POTENTIAL REFERENCES OF INTEREST	3
A.	Dialog	3
B.	Additional Resources Searched	13
II.	INVENTOR SEARCH RESULTS FROM DIALOG.....	14
III.	TEXT SEARCH RESULTS FROM DIALOG.....	16
A.	Patent Files	16
IV.	TEXT SEARCH RESULTS FROM DIALOG.....	23
A.	NPL Files, Abstract.....	23
B.	NPL Files, Full-text.....	24
V.	ADDITIONAL RESOURCES SEARCHED	104

I. Potential References of Interest

A. Dialog

~~ Non-Patent Literature: Full Text

^ 8/3,K/1 (Item 1 from file: 9)
DIALOG(R)File 9:Business & Industry(R)
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02798312 Supplier Number: 25311542 (USE FORMAT 7 OR 9 FOR
FULLTEXT)
Utilities Join Debt Sales Party

Collections & Credit Risk, v 7, n 8, p 44
August 2002

DOCUMENT TYPE: Journal ISSN: 1093-1260 (United States)
LANGUAGE: English RECORD TYPE: Fulltext
WORD COUNT: 1288

(USE FORMAT 7 OR 9 FOR FULLTEXT)

TEXT:

...the Resolution Trust Corp. and Federal Deposit Insurance Corp.
Capital
flowed into the industry, which absorbed billions of dollars in
defaulted loans from the savings and loan and banking
industries.

As government-sponsored asset sales declined in the mid-'90s, the
companies
formed to buy and collect defaulted loans turned to banks and
private sellers for new sources. Credit card issuers quickly embraced
the
recovery created through sales of...

...to disposable income, and the recent economic woes.

Revenue Source

In this environment, asset sales became a key source of revenue and
cash. Some sellers began to sell all accounts at the point of
chargeoff - or 180 days past due. Now, nearly all the top 25 U.S...

...sellers can be substantial and many utilities, and firms in industries that traditionally did not sell, are increasingly evaluating whether selling debt should be part of the revenue cycle. Financial institutions and utilities have many reasons to sell loans.

First, sellers receive immediate cash for uncollectible accounts. Cash...

...minimally should include account number, customer name, address, work and home phone numbers if available, Social Security number, balance, open date, last payment date, and chargeoff date or days past due. Having complete information is not critical to completing a sale but can help fetch a higher...
...many firms start with older, archived accounts and then move to newer accounts after becoming familiar with the process.

Second, determine a price. Most sellers finish a net present value analysis based on historical recovery rates and costs. Discounted future cash flow estimates provide sellers with an "indifference price," above which a sale makes sense and below which a sale may not make sense. If the data is not readily available for such an analysis, estimates may be used. If the portfolio to be sold is not producing any cash flow, sellers may let the market determine an appropriate price level and realize some recovery through the sales process.

Choosing Buyers

Third, determine criteria for choosing a buyer. While price is certainly a factor, prospective sellers should focus on buyers with substantial capital...

^ 8/3,K/22 (Item 9 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB
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04597463 SUPPLIER NUMBER: 08473290 (USE FORMAT 7 OR 9 FOR FULL TEXT)

The effect of state foreclosure laws on loan losses: evidence from the

mortgage insurance industry.
Clauretie, Terrence M.; Herzog, Thomas
Journal of Money, Credit & Banking, v22, n2, p221(13)
May, 1990

ISSN: 0022-2879 LANGUAGE: ENGLISH RECORD TYPE: FULLTEXT;
ABSTRACT
WORD COUNT: 5598 LINE COUNT: 00449

... bank stock. Barth, Cordes, and Yezer (1986) found that state laws which restrict the exercise of credit remedies for personal loans in delinquency or default result in the imposition of net costs on all borrowers. Meador (1982) and Jaffee (1985) analyzed the effect of state foreclosure laws on mortgage rates. They found that contract rates were generally higher in states where the law extended the length and expense of...

...lenders' choice of either seeking a foreclosure or employing a nonforeclosure alternative is affected by state laws. He demonstrated that foreclosure rates on conventional loans are higher (lower) in states that facilitate (hinder) the foreclosure process.

An important implication of his findings is that foreclosure...

...risk according to the type of mortgage insurance for which the lenders contract. The evidence on the effect of state foreclosure laws on loan losses and on the incentive conflict will be taken from the claim experience of all private mortgage insurance companies and...

...LAWS AND INCENTIVE CONFLICTS

Cost of the Foreclosure Process

To appreciate the effect of foreclosure laws on the cost of foreclosing and liquidating properties one need only review the various cost elements involved. They can be divided into three categories:
transaction costs, property costs...

...from the foreclosure process or the liquidation of the property and include attorneys' fees, trustees' fees, sheriff's cost of sale, brokers' commissions, revenue stamps, and title charges. Property costs include property taxes, hazard insurance, utilities, and repairs and maintenance. Opportunity costs include the...

...to warrant the complications involved. (2) The first major difference is between a judicial (court action) and nonjudicial (power-of-sale) procedure. With the judicial procedure the lender must proceed through the court which acts on a complaint, issues a decree, and stipulates what notices should be provided. Where foreclosure laws can proceed by power-of-sale, the liquidation of the property often occurs quickly through a trustee with little legal expense. (3) In these states a deed-of...

...judgment is prohibited the lender's recourse is restricted to the value of the mortgaged property. (4) Although one might expect such a provision to materially affect the amount of the loss on defaulted loans, there are some factors which may mitigate the importance of this aspect of the law. Many states that allow a...coinsurance feature consider a typical claim settlement. (6) Let

a = coverage ratio,
U = unpaid loan balance,
F = forgone interest from last payment to claim date,

Z,T,P = hazard insurance, property taxes, and property preservation expenses during the foreclosure process
C = court costs (excluding attorneys' fees),
A = attorneys' fees,
R = rental revenue,
H = value of the house,
The exposure...

...interest. The insurance payoff, I, is given by
I = Min [E-H, αE].

The lender's position on the defaulted property is H+I.
This is equal to
E, if $E-H < \alpha E$,
and
 $H + \alpha E$...

...terms of the coinsurance feature. The government program has no such arrangement; it pays all the expenses associated with the foreclosure of the mortgage and the liquidation of the property. (7) Since the lender is reimbursed for all elements of exposure with no coinsurance...

...judgment. (8)

In summary, legal restrictions on an expeditious foreclosure process (required judicial procedure and statutory right of redemption) are expected to increase the losses on residential properties and the claims made to both types of mortgage insurers. The provision for a deficiency judgment, whether frequently implemented or not, is expected to mitigate those losses. Furthermore, the difference in the coinsurance feature of private and government insurance will encourage lenders to...

...mortgage insurers and the FHA. An OLS technique is employed with the loss rate as the dependent variable and the predictor variables consisting of the state legal structure and control variables. The basic model is

$$L = f[F, E, M] \quad (5\ldots)$$

...L is the loss rate, F is a set of state foreclosure variables, E is a set of socioeconomic variables expected to affect defaults on residential properties, and M is a set of identifiable mortgage characteristics on defaulted loans.(9)

Variable Selection

The PMI and FHA loss data are somewhat different in form and therefore require slightly different versions...state law.

The FHA data consist of approximately 163,000 loans for which the FHA has paid a claim (and calculated its loss) over the period 1972 through 1988. (11) The loss for each loan consists of the total claim paid

...

...defined as the loss divided by the original amount of the loan. (12) In

each case the loss rate is expected to be larger for loans originated in states with a judicial foreclosure procedure and a statutory right of redemption. If...

...deficiency judgements on FHA loans, then this variable should not have an impact (that is, not reduce losses).

Other variables expected to affect losses in each version of the model are as follows.

PMI Model

This version of the model is...

...on the year of origination of each loan is unknown, alternative lags within this range are considered for two variables **expected** to affect default and **foreclosure: loan value and property** value (equity). In regard to the loan value, Mulherin and Muller (1987) demonstrate that lenders have a greater incentive to...

...below its balance, it is the latter that is insured. On the other hand, a mortgagor is less likely to **default** on a **loan** with a value below its balance. The **expected** sign on this variable is, therefore, not unambiguous. Following Clauretie (1987) and Campbell and Dietrich (1983) this variable is entered...

...the origination. Again, since for these data [r.sub.0] is unknown, alternative lags are employed.

Loan losses are also **expected** to be inversely related to property price appreciation. The variable [P.sub.j,t] measures the percentage change in property...

...of the model. A change in the unemployment rate is included rather than the level because variability of unemployment is **expected** to have the greater impact on defaults. Because it takes some time for the effect of the socioeconomic events to...

...judgment.

FHA Model

The version of the model tested with the FHA data is somewhat different. With these data each **defaulted** loan for which a claim was paid is identified. here, we can add an identifiable loan characteristic, its original loan-to PMI data represent the ratio of claim losses to risk-in-force, the FHA loss ratio is **computed** only for **defaulted loans**. Given that a **loan** has **defaulted**, the magnitude of the loss is not affected by variables which may have caused the exercise of the default option...

...the state will affect the size of claims. Additionally, the interest rate variable remains in the model because it is **expected** to affect the size of the claim through lender behavior. If market rates have risen subsequent to the origination of the **defaulted loan**, the lender has an incentive to assign the loan to the FHA and foreclose on the

property as quickly as...

...is identified for each loan in the data base. The market rate in the year of termination is employed to compute the interest relative, $([\rho_{\text{sub}} \cdot \tau - \rho_{\text{sub}} \cdot s_{\text{sub}}] / \rho_{\text{sub}})$.

3. EMPIRICAL RESULTS

The results of testing the...

...base. For each state the risk measure for the FHA is better approximated by the product of the loss per foreclosed loan and the relative number of such loans to the total insured.

An example of the modification necessary to measure the...

...procedure. Nationwide, only 50.6 percent of FHA insured loans were located in such states. Thus, a greater proportion of foreclosed loans were originated in states with a judicial foreclosure procedure than were insured in those states. The risk to the FHA...

...number of claims which occur in states with a judicial foreclosure and statutory right of redemption. For the FHA model, estimates of risk are found by including the term n/N where, for each state, n is the number of claims risk. One would not expect to see dramatic differences in contract rates under this arrangement. As the insurers become aware of the risks they may begin to price their policies accordingly. In such a development borrowers in states with onerous foreclosure laws could expect to bear the cost of the risk.

Additionally, if self-insured lenders in risky states incur large losses as a...

...or existing), and program. Ninety percent of the loans were Section 203.

Many loans did not have enough data to compute the loss rate or had missing data reducing the usable sample to approximately 85,000 loans.
(1) An early Federal...

...considered to have stringent, moderate, and lenient foreclosure laws (Illinois, California, and Texas, respectively). Considering all expenses and revenue from foreclosed properties the study revealed that

the net losses averaged 53 percent of the mean loan balance in Illinois and only 6...

...incentive to expend resources to reduce the loss. Since this is always the case for the FHA program one can expect a greater occurrence of this conflict there.

(9)The loss rate is bounded by zero from below and unbounded from...

...11)A description of the FHA data base is included in the data appendix.

(12)The loss rate should be computed by dividing the loss by the amount of the balance at the time of default. This value is absent from

Law and Economics 29(October
1986), 357-80.

Campbell, Tim, and J. Kimball Dietrich. "The Determinants of Default on Insured Conventional Residential Loans." Journal of Finance 38(December 1983), 1569-81.

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Durham, James."In Defense of Strict Foreclosure: A Legal and Economic

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"Pricing Default..."

...and Urban Economics

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Jaffee, Austin. "Mortgage Foreclosure Law and Regional Disparities in Mortgage

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James, Christopher. "An...

...Mortgage Industry." Journal of Real

Estate Finance and Economics 1 (April 1988), 35-46.

Touche, Ross & Co. The Cost of Mortgage Loan
Foreclosure: Case Studies of Six

Savings and Loan Associations. April 1975.

Waller, Neil. "Residential Mortgage Default: A Clarifying Analysis." Housing Finance

Review 7 (Fall/Winter 1988), 321-33.

U.S. Government, Federal Housing Administration. FHA Experience with
Mortgage

Foreclosure and Property Acquisitions, 1963, Washington,
D.C...

-- Patent Literature:

^ 5/3,K/1 (Item 1 from file: 349)

DIALOG(R)File 349:PCT FULLTEXT

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01139254 **Image available**

SYSTEM AND METHOD FOR DEFINING LOAN PRODUCTS

SYSTEME ET PROCEDE POUR DEFINIR DES PRODUITS DE FINANCEMENT DE TYPE
PRET

Patent Applicant/Assignee:

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MATHEWSON Mark D, 3615 Janet Road, Silver Spring, MD 20906, US,

Legal Representative:

BRAYER MICHAEL S (agent), FOLEY & LARDNER, 777 E. Wisconsin Avenue,
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3800, Milwaukee, WI 53202-5306, US,

Patent and Priority Information (Country, Number, Date):

Patent: WO 200461562 A2-A3 20040722 (WO 0461562)
Application: WO 2003US37329 20031121 (PCT/WO US03037329)
Priority Application: US 2002436630 20021230
Designated States:
(Protection type is "patent" unless otherwise stated - for
applications
prior to 2004)
AE AG AL AM AT AU AZ BA BB BG BR BW BY BZ CA CH CN CO CR CU CZ DE DK
DM
DZ EC EE EG ES FI GB GD GE GH GM HR HU ID IL IN IS JP KE KG KP KR KZ
LC
LK LR LS LT LU LV MA MD MG MK MN MW MX MZ NI NO NZ OM PG PH PL PT RO
RU
SC SD SE SG SK SL SY TJ TM TN TR TT TZ UA UG UZ VC VN YU ZA ZM ZW
(EP) AT BE BG CH CY CZ DE DK EE ES FI FR GB GR HU IE IT LU MC NL PT
RO SE
SI SK TR
(OA) BF BJ CF CG CI CM GA GN GQ GW ML MR NE SN TD TG
(AP) BW GH GM KE LS MW MZ SD SL SZ TZ UG ZM ZW
(EA) AM AZ BY KG KZ MD RU TJ TM
Publication Language: English
Filing Language: English
Fulltext Word Count: 18906

Fulltext Availability:
Detailed Description

Detailed Description
... e.g. workout), interest paid on advances. For REO activity, cash flows
that may be identified include the following: foreclosure sale
proceeds, rental income, insurance proceeds, tax
expenses on REO, repair expenses on REO, sale/marketing expenses on
REO,
REO property maintenance expenses. It may be noted that some of the
above
cash flows are...

...UPB), participation
percentage (including principal participation percentage, interest
participation percentage, and servicing fee participation (basis
points)), discount rate (used to
calculate yield maintenance or prepayment penalty), appraised
balance,
foreclosure sale date, and REO sale date.

[01011 As previously indicated, service granularity is achieved in part by representing loans as a...

...to such a configuration: accounting class code; accounting close effective period; accounting reporting category code; actual UPB at acquisition; adjusted **last paid** installment **date**; adjusted unpaid principal balance; ceiling; change frequency; change method; conduit code; custodian code; downward cap; downward cap code; effective date...

...to be capable of processing data in connection with a default set of attributes associated with a common or "standard" **mortgage** product. Typically, the **default** attributes associated with the standard mortgage product will also be present in most other loans that are processed by the...

B. Additional Resources Searched

Nothing of interest found.

II. Inventor Search Results from Dialog

~~ Patent Literature: Inventor search

File 347:JAPIO Dec 1976-2009/Jun(Updated 090923)
(c) 2009 JPO & JAPIO
File 348:EUROPEAN PATENTS 1978-200940
(c) 2009 European Patent Office
File 349:PCT FULLTEXT 1979-2009/UB=20091001|UT=20090924
(c) 2009 WIPO/Thomson
File 350:Derwent WPIX 1963-2009/UD=200963
(c) 2009 Thomson Reuters

Set Items Description
S1 64 AU=ELLIS M
S2 0 S1 AND (LOAN OR LOANS OR MORTGAGE OR PROPERTY OR
PROPERTIE-
 S) (2N) (FORECLOSURE OR FORECLOSED OR FORECLOSES OR
FORECLOSING)

~~ Non-Patent Literature: Inventor search

File 2:INSPEC 1898-2009/Sep W4
(c) 2009 The IET
File 9:Business & Industry(R) Jul/1994-2009/Oct 07
(c) 2009 Gale/Cengage
File 15:ABI/Inform(R) 1971-2009/Oct 06
(c) 2009 ProQuest Info&Learning
File 610:Business Wire 1999-2009/Oct 07
(c) 2009 Business Wire.
File 613:PR Newswire 1999-2009/Oct 07
(c) 2009 PR Newswire Association Inc
File 624:McGraw-Hill Publications 1985-2009/Oct 06
(c) 2009 McGraw-Hill Co. Inc
File 634:San Jose Mercury Jun 1985-2009/Sep 26
(c) 2009 San Jose Mercury News
File 810:Business Wire 1986-1999/Feb 28
(c) 1999 Business Wire
File 813:PR Newswire 1987-1999/Apr 30
(c) 1999 PR Newswire Association Inc
File 625:American Banker Publications 1981-2008/Jun 26
(c) 2008 American Banker
File 268:Banking Info Source 1981-2009/Sep W4
(c) 2009 ProQuest Info&Learning
File 626:Bond Buyer Full Text 1981-2008/Jul 07

(c) 2008 Bond Buyer
File 267:Finance & Banking Newsletters 2008/Sep 29
(c) 2008 Dialog
File 16:Gale Group PROMT(R) 1990-2009/Sep 11
(c) 2009 Gale/Cengage
File 148:Gale Group Trade & Industry DB 1976-2009/Sep 18
(c) 2009 Gale/Cengage
File 160:Gale Group PROMT(R) 1972-1989
(c) 1999 The Gale Group
File 275:Gale Group Computer DB(TM) 1983-2009/Sep 07
(c) 2009 Gale/Cengage
File 621:Gale Group New Prod.Annou.(R) 1985-2009/Aug 28
(c) 2009 Gale/Cengage
File 636:Gale Group Newsletter DB(TM) 1987-2009/Sep 11
(c) 2009 Gale/Cengage
File 20:Dialog Global Reporter 1997-2009/Oct 07
(c) 2009 Dialog
File 35:Dissertation Abs Online 1861-2009/Sep
(c) 2009 ProQuest Info&Learning
File 65:Inside Conferences 1993-2009/Oct 06
(c) 2009 BLDSC all rts. reserv.
File 99:Wilson Appl. Sci & Tech Abs 1983-2009/Sep
(c) 2009 The HW Wilson Co.
File 474:New York Times Abs 1969-2009/Oct 07
(c) 2009 The New York Times
File 475:Wall Street Journal Abs 1973-2009/Oct 07
(c) 2009 The New York Times
File 583:Gale Group Globalbase(TM) 1986-2002/Dec 13
(c) 2002 Gale/Cengage
File 139:EconLit 1969-2009/Sep
(c) 2009 American Economic Association
File 256:TecTrends 1982-2009/Oct W1
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Set	Items	Description
S1	1079	AU=(ELLIS, M OR ELLIS M OR ELLIS(2N)M)
S2	0	S1 AND (LOAN OR LOANS OR MORTGAGE OR PROPERTY OR PROPERTIE-
		S)(2N)(FORECLOSURE OR FORECLOSED OR FORECLOSES OR FORECLOSING)

III. Text Search Results from Dialog

A. Patent Files

~~ Patent Literature:

Dialog files: 347,348,349,350

File 347:JAPIO Dec 1976-2009/Jun(Updated 090923)

(c) 2009 JPO & JAPIO

File 348:EUROPEAN PATENTS 1978-200940

(c) 2009 European Patent Office

File 349:PCT FULLTEXT 1979-2009/UB=20091001|UT=20090924

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File 350:Derwent WPIX 1963-2009/UD=200963

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Set Items Description

S1 1954 (LOAN OR LOANS OR MORTGAGE OR PROPERTY OR
PROPERTIES) (4N) (-

 FORECLOSURE OR FORECLOSED OR FORECLOSES OR FORECLOSING OR

DEF-

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S2 75 (LAST OR LATEST OR MOST()) (RECENT OR
RECENTLY)) (6N) (DATE OR

 DATES OR DATED OR TIME OR TIMING OR WHEN) (4N) (PAID OR

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S3 114 (PROCEED OR PROCEEDS OR YIELD OR YIELDS OR PROFIT OR
PROFI-

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RETURN

 OR RETURNS) (8N) (LIQUIDAT??? OR SALE OR SOLD OR SELL OR

SELLS

 OR SELLING)

S4 1464 ESTIMAT??? OR FORECAST??? OR PREDICT??? OR EXPECT???

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S5 3 (S1(2S)S2)(F)(S3(2S)S4)

^ 5/3,K/1 (Item 1 from file: 349)

DIALOG(R)File 349:PCT FULLTEXT

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01139254 **Image available**

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AE AG AL AM AT AU AZ BA BB BG BR BW BY BZ CA CH CN CO CR CU CZ DE DK
DM

DZ EC EE EG ES FI GB GD GE GH GM HR HU ID IL IN IS JP KE KG KP KR KZ
LC

LK LR LS LT LU LV MA MD MG MK MN MW MX MZ NI NO NZ OM PG PH PL PT RO
RU

SC SD SE SG SK SL SY TJ TM TN TR TT TZ UA UG UZ VC VN YU ZA ZM ZW
(EP) AT BE BG CH CY CZ DE DK EE ES FI FR GB GR HU IE IT LU MC NL PT

RO SE

SI SK TR

(OA) BF BJ CF CG CI CM GA GN GQ GW ML MR NE SN TD TG

(AP) BW GH GM KE LS MW MZ SD SL SZ TZ UG ZM ZW

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REO property maintenance expenses. It may be noted that some of the above cash flows are...

...UPB), participation

percentage (including principal participation percentage, interest participation percentage, and servicing fee participation (basis points)), discount rate (used to calculate yield maintenance or prepayment penalty), appraised balance, foreclosure **sale** date, and REO sale date.

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present in most other loans that are processed by the...

5/3,K/2 (Item 2 from file: 349)

DIALOG(R)File 349:PCT FULLTEXT

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01139251 **Image available**

SYSTEM AND METHOD FOR DEFINING LOAN PRODUCTS

SYSTEME ET PROCEDE POUR LA DEFINITION DE FORMULES DE PRET

Patent Applicant/Assignee:

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Legal Representative:

BRAYER MICHAEL S (agent), FOLEY & LARDNER, 777 E. Wisconsin Avenue,
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3800, Milwaukee, WI 53202-5306, US,

Patent and Priority Information (Country, Number, Date):

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Application: WO 2003US37289 20031120 (PCT/WO US03037289)

Priority Application: US 2002436630 20021230

Designated States:

(Protection type is "patent" unless otherwise stated - for
applications
prior to 2004)

AE AG AL AM AT AU AZ BA BB BG BR BW BY BZ CA CH CN CO CR CU CZ DE DK
DM

DZ EC EE EG ES FI GB GD GE GH GM HR HU ID IL IN IS JP KE KG KP KR KZ
LC

LK LR LS LT LU LV MA MD MG MK MN MW MX MZ NI NO NZ OM PG PH PL PT RO
RU

SC SD SE SG SK SL SY TJ TM TN TR TT TZ UA UG UZ VC VN YU ZA ZM ZW
(EP) AT BE BG CH CY CZ DE DK EE ES FI FR GB GR HU IE IT LU MC NL PT
RO SE

SI SK TR

(OA) BF BJ CF CG CI CM GA GN GQ GW ML MR NE SN TD TG

(AP) BW GH GM KE LS MW MZ SD SL SZ TZ UG ZM ZW

(EA) AM AZ BY KG KZ MD RU TJ TM

Publication Language: English

Filing Language: English

Fulltext Word Count: 18167

Fulltext Availability:

Detailed Description

Detailed Description

... e.g. workout), interest paid on advances. For REO activity, cash
flows

that may be identified include the following: foreclosure sale
proceeds, rental income, insurance proceeds, tax

expenses on REO, repair expenses on REO, sale/marketing expenses on REO,
REO property maintenance expenses. It may be noted that some of the
above
cash flows are...

...UPB), participation
percentage (including principal participation percentage, interest
participation percentage, and servicing fee participation (basis
points)), discount rate (used to
calculate yield maintenance or prepayment penalty), appraised
balance,
foreclosure sale date, and REO sale date.

[01011 As previously indicated, service granularity is achieved in
part
by representing loans as a...

...to such a configuration: accounting class code; accounting close
effective period; accounting reporting category code; actual UPB at
acquisition; adjusted last paid installment date;
adjusted unpaid principal balance; ceiling; change frequency; change
method; conduit code; custodian code; downward cap; downward cap
code;
effective date...
...to be capable of processing data in
connection with a default set of attributes associated with a common
or
"standard' mortgage product. Typically, the default
attributes associated with the standard mortgage product will also
be
present in most other loans that are processed by the...

5/3,K/3 (Item 3 from file: 349)
DIALOG(R)File 349:PCT FULLTEXT
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01139238 **Image available**
SYSTEM AND METHOD FOR DEFINING LOAN PRODUCTS
SISTÈME ET PROCÉDÉ PERMETTANT DE DEFINIR DES PRODUITS DE CRÉDIT
Patent Applicant/Assignee:
FANNIE MAE, 3900 Wisconsin Avenue, NW, Washington, DC 20016-2892,
US, US
(Residence), US (Nationality)
Inventor(s):
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SINGH Navdeeo, 14227 Amberleigh Terrace, Silver Spring, MD 20905,
US,

Legal Representative:

BRAYER MICHAEL S (agent), FOLEY & LARDNER, 777 E. Wisconsin Avenue,
Suite

3800, Milwaukee, WI 53202-5306, US,

Patent and Priority Information (Country, Number, Date):

Patent: WO 200461747 A1 20040722 (WO 0461747)

Application: WO 2003US37147 20031121 (PCT/WO US03037147)

Priority Application: US 2002436630 20021230

Designated States:

(Protection type is "patent" unless otherwise stated - for
applications
prior to 2004)

AE AG AL AM AT AU AZ BA BB BG BR BW BY BZ CA CH CN CO CR CU CZ DE DK
DM

DZ EC EE EG ES FI GB GD GE GH GM HR HU ID IL IN IS JP KE KG KP KR KZ
LC

LK LR LS LT LU LV MA MD MG MK MN MW MX MZ NI NO NZ OM PG PH PL PT RO
RU

SC SD SE SG SK SL SY TJ TM TN TR TT TZ UA UG UZ VC VN YU ZA ZM ZW
(EP) AT BE BG CH CY CZ DE DK EE ES FI FR GB GR HU IE IT LU MC NL PT
RO SE

SI SK TR

(OA) BF BJ CF CG CI CM GA GN GQ GW ML MR NE SN TD TG

(AP) BW GH GM KE LS MW MZ SD SL SZ TZ UG ZM ZW

(EA) AM AZ BY KG KZ MD RU TJ TM

Publication Language: English

Filing Language: English

Fulltext Word Count: 18378

Fulltext Availability:

Detailed Description

Detailed Description

... e.g. workout), interest paid on advances. For REO activity, cash
flows

that may be identified include the following: foreclosure sale
proceeds, rental income, insurance proceeds, tax
expenses on REO, repair expenses on REO, sale/marketing expenses on
REO,

REO property maintenance expenses. It may be noted that some of the
above

cash flows are...

...UPB), participation percentage (including principal participation percentage, interest participation percentage, and servicing fee participation (basis points)), discount rate (used to calculate yield maintenance or prepayment penalty), appraised balance, foreclosure sale date, and REO sale date.

[01011 As previously indicated, service granularity is achieved in part by representing loans as a...

...to such a configuration.: accounting class code; accounting close effective period; accounting reporting category code; actual UPB at acquisition; adjusted last paid installment date; adjusted unpaid principal balance; ceiling; change frequency; change method; conduit code; custodian code; downward cap; downward cap code;

effective date...

...to be capable of processing data in connection with a default set of attributes associated with a common or

"standard' mortgage product. Typically, the default attributes associated with the standard mortgage product will also be

present in most other loans that are processed by the...

IV. Text Search Results from Dialog

A. NPL Files, Abstract

~~ Non-Patent Literature: Non-Full Text

Dialog files: 2,35,65,99,139,256,474,475,583

File 2:INSPEC 1898-2009/Sep W4
(c) 2009 The IET

File 35:Dissertation Abs Online 1861-2009/Sep
(c) 2009 ProQuest Info&Learning

File 65:Inside Conferences 1993-2009/Oct 07
(c) 2009 BLDESC all rts. reserv.

File 99:Wilson Appl. Sci & Tech Abs 1983-2009/Sep
(c) 2009 The HW Wilson Co.

File 139:EconLit 1969-2009/Sep
(c) 2009 American Economic Association

File 256:TecTrends 1982-2009/Oct W1
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File 474:New York Times Abs 1969-2009/Oct 07
(c) 2009 The New York Times

File 475:Wall Street Journal Abs 1973-2009/Oct 07
(c) 2009 The New York Times

File 583:Gale Group Globalbase(TM) 1986-2002/Dec 13
(c) 2002 Gale/Cengage

Set Items Description

S1 2762 (LOAN OR LOANS OR MORTGAGE OR PROPERTY OR
PROPERTIES) (4N) (-
DEF- FORECLOSURE OR FORECLOSED OR FORECLOSES OR FORECLOSING OR
AULT OR DEFAULTED OR DEFAULTING OR SEIZES OR SEIZURE)

S2 1 (LAST OR LATEST OR MOST() (RECENT OR
RECENTLY)) (6N) (DATE OR
DATES OR DATED OR TIME OR TIMING OR WHEN) (4N) (PAID OR
PAYMENT OR PAYMENTS OR PAY OR PAYS OR PAYING OR RECEIPT OR
RECEIPTS OR RECEIV??? OR RETRIEV??? OR COLLECT???)

S3 9 (PROCEED OR PROCEEDS OR YIELD OR YIELDS OR PROFIT OR
PROFI- TS OR GAIN OR GAINS OR INCOME OR REVENUE OR EARNINGS OR
RETURN OR RETURNS) (8N) (LIQUIDAT??? OR SALE OR SOLD OR SELL OR
SELLS

OR SELLING)
S4 670 ESTIMAT??? OR FORECAST??? OR PREDICT??? OR EXPECT???
OR FO- RESEE??? OR FORESIGHT OR ANTICIPAT??? OR CALCULATE? ? OR
CALC- ULATING OR FIGURE? ? OR FIGURING OR DETERMINE? ? OR
DETERMINI- NG OR DETERMINATION OR COMPUTE OR COMPUTED
S5 1 S1 AND S3 AND S4

5/3,K/1 (Item 1 from file: 583)
DIALOG(R)File 583:Gale Group Globalbase(TM)
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09656463

A third of home loans in negative equity
Singapore: Banks face high home loan default rate
Business Times (XBA) 14 Dec 2001 p.1
Language: ENGLISH

Singapore: Banks face high home loan default rate

... S\$ 14 bn - a third of all local banks' outstanding home loans
- in negative equity. According to HSBC Securities, the proceeds from any
sale of these properties will not be enough to cover the bank loan
after refunds are made in full for Central...

... s jobless rate has risen rapidly from 2.6% in June 2001 to
3.8% in September 2001 and is expected to hit 4.5% by end-2001. This means a
total of about 80,000 of Singapore's workers may...

B. NPL Files, Full-text

-- Non-Patent Literature: Full Text
Dialog files: 9,15,16,20,148,160,267,268,275,610,613,621,624,625,626,634,636,810,813

File 9:Business & Industry(R) Jul/1994-2009/Oct 07
(c) 2009 Gale/Cengage
File 15:ABI/Inform(R) 1971-2009/Oct 06
(c) 2009 ProQuest Info&Learning
File 16:Gale Group PROMT(R) 1990-2009/Sep 11
(c) 2009 Gale/Cengage

File 20:Dialog Global Reporter 1997-2009/Oct 07
(c) 2009 Dialog
File 148:Gale Group Trade & Industry DB 1976-2009/Sep 18
(c) 2009 Gale/Cengage
File 160:Gale Group PROMT(R) 1972-1989
(c) 1999 The Gale Group
File 267:Finance & Banking Newsletters 2008/Sep 29
(c) 2008 Dialog
File 268:Banking Info Source 1981-2009/Sep W4
(c) 2009 ProQuest Info&Learning
File 275:Gale Group Computer DB(TM) 1983-2009/Sep 07
(c) 2009 Gale/Cengage
File 610:Business Wire 1999-2009/Oct 07
(c) 2009 Business Wire.
File 613:PR Newswire 1999-2009/Oct 07
(c) 2009 PR Newswire Association Inc
File 621:Gale Group New Prod.Annou.(R) 1985-2009/Aug 28
(c) 2009 Gale/Cengage
File 624:McGraw-Hill Publications 1985-2009/Oct 06
(c) 2009 McGraw-Hill Co. Inc
File 625:American Banker Publications 1981-2008/Jun 26
(c) 2008 American Banker
File 626:Bond Buyer Full Text 1981-2008/Jul 07
(c) 2008 Bond Buyer
File 634:San Jose Mercury Jun 1985-2009/Sep 26
(c) 2009 San Jose Mercury News
File 636:Gale Group Newsletter DB(TM) 1987-2009/Sep 11
(c) 2009 Gale/Cengage
File 810:Business Wire 1986-1999/Feb 28
(c) 1999 Business Wire
File 813:PR Newswire 1987-1999/Apr 30
(c) 1999 PR Newswire Association Inc

Set Items Description
S1 167333 (LOAN OR LOANS OR MORTGAGE OR PROPERTY OR
PROPERTIES)(4N)(-
DEF-
 AULT OR DEFALTED OR DEFAULTING OR SEIZES OR SEIZURE)
S2 641 (LAST OR LATEST OR MOST()(RECENT OR
RECENTLY))(4N)(DATE OR
 DATES OR DATED OR TIME OR TIMING OR WHEN)(4N)(PAID OR
PAYMENT
 OR PAYMENTS OR PAY OR PAYS OR PAYING OR RECEIPT OR
RECEIPTS OR
 RECEIV??? OR RETRIEV??? OR COLLECT???)

S3 27254 (PROCEED OR PROCEEDS OR YIELD OR YIELDS OR PROFIT OR
PROFI- TS OR GAIN OR GAINS OR INCOME OR REVENUE OR EARNINGS OR
RETURN OR RETURNS) (8N) (LIQUIDAT??? OR SALE OR SOLD OR SELL OR
SELLS OR SELLING)
S4 105000 ESTIMAT??? OR FORECAST??? OR PREDICT??? OR EXPECT???
OR FO- RESEE??? OR FORESIGHT OR ANTICIPAT??? OR CALCULATE? ? OR
CALC- ULATING OR FIGURE? ? OR FIGURING OR DETERMINE? ? OR
DETERMINI- NG OR DETERMINATION OR COMPUTE OR COMPUTED
S5 0 S1(20N)S2(20N)S3(20N)S4
S6 106 S1(F)S2(F)S3(F)S4
S7 35 S6 NOT PY>2002
S8 27 RD (unique items)

^ 8/3,K/1 (Item 1 from file: 9)
DIALOG(R)File 9:Business & Industry(R)
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02798312 Supplier Number: 25311542 (USE FORMAT 7 OR 9 FOR
FULLTEXT)
Utilities Join Debt Sales Party

Collections & Credit Risk, v 7, n 8, p 44
August 2002
DOCUMENT TYPE: Journal ISSN: 1093-1260 (United States)
LANGUAGE: English RECORD TYPE: Fulltext
WORD COUNT: 1288

(USE FORMAT 7 OR 9 FOR FULLTEXT)

TEXT:
...the Resolution Trust Corp. and Federal Deposit Insurance Corp.
Capital
flowed into the industry, which absorbed billions of dollars in
defaulted loans from the savings and loan and banking
industries.

As government-sponsored asset sales declined in the mid-'90s, the
companies
formed to buy and collect defaulted loans turned to banks and

private sellers for new sources. Credit card issuers quickly embraced the recovery created through sales of...

...to disposable income, and the recent economic woes.

Revenue Source

In this environment, asset sales became a key source of **revenue** and cash. Some sellers began to **sell** all accounts at the point of chargeoff - or 180 days past due. Now, nearly all the top 25 U.S...

...sellers can be substantial and many utilities, and firms in industries that traditionally did not sell, are increasingly evaluating whether **selling debt** should be part of the **revenue** cycle. Financial institutions and utilities have many reasons to sell loans.

First, sellers receive immediate cash for uncollectible accounts. Cash...

...minimally should include account number, customer name, address, work and home phone numbers if available, Social Security number, balance, open date, last payment date, and chargeoff date or days past due. Having complete information is not critical to completing a sale but can help fetch a higher...
...many firms start with older, archived accounts and then move to newer accounts after becoming familiar with the process.

Second, **determine** a price. Most sellers finish a net present value analysis based on historical recovery rates and costs. Discounted future cash flow **estimates** provide sellers with an "indifference price," above which a sale makes sense and below which a sale may not make sense. If the data is not readily available for such an analysis, **estimates** may be used. If the portfolio to be sold is not producing any cash flow, sellers may let the market **determine** an appropriate price level and realize some recovery through the sales process.

Choosing Buyers

Third, determine criteria for choosing a buyer. While price is certainly a factor, prospective sellers should focus on buyers with substantial capital...

8/3,K/2 (Item 1 from file: 15)

DIALOG(R)File 15:ABI/Inform(R)

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02022493 53814343

The 2000 all-Asia research team

Sargent, Carolyn; Kenney, Jane B; Yoshioka, Curtis; Hamlin, Kevin; Et al

Institutional Investor v34n5 PP: 99-148 May 2000

ISSN: 0020-3580 JRNL CODE: IL

WORD COUNT: 29474

...TEXT: gather further momentum in June, when Nasdaq Japan opens for business. The pipeline for Internet IPOs, quiet last year, is expected to flow freely in 2000: Analysts say the vast majority of the 200 IPOs expected this year are technology, media and telecom companies.

To capitalize on this growth, Nomura Securities in January set up a...

...s another false start." The economy contracted 1.4 percent in the last quarter of 1999; the International Monetary Fund forecasts growth of a meager 0.9 percent for 2000.

Though in recent months fund managers have been heavily focused on...money

managers or to circulate the questionnaire through their own research departments. Those who did not respond were contacted to determine if they would be willing to participate over the telephone. After the questionnaires were returned, our reporters spent weeks interviewing...

...first, second, third, runner-up). Separate weightings were used for equity and fixed-income sectors. Those scores were used to determine the rankings. Analysts were designated as runnersup when their scores fell close behind that of the third-teamer. Two sectors stance on Sanden Corp., a manufacturer of air-conditioning compressors, paid off handsomely last year. Pointing to faster-than-anticipated growth in Europe and a

successful restructuring of its nonauto business, Kakiuchi reiterated his buy in early 1999. Shares rose...

...paid off. Last September Redl launched coverage with a buy, based on Toyoda Gosei's new LED product, which he **estimates** contributes 60 percent of operating profits. Though he missed out on some of the stocks upswing, Redl did capture a...

...to outperform. "I kept telling investors that some day demand would recover," Ginbayashi says, "and this year we can probably **expect** a lot." That remains to be seen, but investors praise the 37-year-old analyst for an impressive track record of **forecasting** supply and demand, a strong grasp of industry fundamentals and responsiveness to client inquiries. Particularly astute, say backers, was Ginbayashi's accurate **prediction** of volume recovery in semiconductor-related chemicals and his steadfast support of Shin-Etsu Chemical Co., the No. 1 supplier...

...The company had surprised most of the market by prereporting net income growth of 4 percent - precisely matching Ginbayashi's **estimate**. By late March shares had nearly doubled, to Y6,100. Like Ginbayashi, Takao Kauai of Dresdner Kleinwort Benson (Asia) gets...of moneymaking calls. "Every one he made was good," avers one backer. Fujine recommended Sony Music Entertainment in January 1999, **predicting** it would benefit from the ...Goto

Daiwa Institute of Research

Masaru Koshita

Deutsche Securities

Kiyotaka Teranishi

Goldman Sachs (Japan)

Described as "diligent and comprehensive," with "forecasts more accurate than most," Hisanori Shimoji, 31, returns to the winner's circle.

The Nikko Salomon Smith Barney analyst correctly **predicted** the industry's rise: Fueled by booming demand for cellular phone parts and PC

and audiovisual components, the market recovered...

...initial stages of their upsurge: Murata Manufacturing, Rohm Co., Hirose Electronics and Nitto Denko Corp. His biggest blunder: failing to forecast the rise in Kyocera Corp.'s stock price. Unlike Shimoi, Eisaku Ohmori of Dresdner Kleinwort Benson got Alps Electric right Corp. also paid off when the stock topped Y5,000 last December.

Electronics/Consumer

Kiyotaka Teranishi

Goldman Sachs (Japan)

SECOND TEAM

Takatoshi Yamamoto
Morgan Stanley Dean Witter

THIRD TEAM

Hitoshi Kuriyama...

...he downgraded Murata Manufacturing because he considered it fully valued at Y6,950. "At the time, we couldn't correctly estimate the worldwide cellular phone shipment units," he says. As of midMarch the stock was trading at about Y21,000. Nonetheless...

...a series of persuasive reports. One, in March 1999, outlined and approved of) Sony's restructuring plan, while another correctly predicted higher-than-consensus shipments of PlayStation2. Another keen call: downgrading Aiwa Co., which fell from Y2,400 last April to...

...the big names, backers say he made a good call on Hitachi but missed

Toshiba Corp.'s fall, failing to anticipate the settlement in the floppy-disk-controller class-action suit. "His knowledge is so deep and contacts so broad, he...stock climbed to a high of Y16,000. Other successful calls include a buy recommendation on Sharp Corp. that correctly anticipated profitability as a result of recovery in its major LCD business.

Financials/Banks

Yoshinobu Yamada

Merrill Lynch Japan

SECOND TEAM...

...Co. and Promise Co. The latter has already lived up to its name, posting

strong gains through last year. Sato **expects** more to come. Repeat third-teamer Hideyasu Ban of Morgan Stanley Dean-Witter wisely championed

Orix last year, though his...

...fan of investor favorites Aiful, Acom and Promise. His positive stance

on insurance stocks proved less rewarding. Though Ban had **expected** insurers to perform in line with the market, the sector wound up underperforming by more than 60 percent.

Food & Beverages...reputation as an "extremely solid fundamental analyst."

Fans appreciate his economic-value-added-- based earnings models and his

long-term forecasts. "His approach is very reliable," says one fan.

Investors most closely associate the third-teamer with his coverage of Japan...

...Nomura earned investors cash on two counts: He recommended two high-flying machinery subsectors - robotics and pneumatic equipment - while

correctly predicting a slower recovery for more-traditional machine-tool and construction-- machinery manufacturers. Evidence of the

first-teamer's ability to...January Yamamoto turned bullish on the whole

sector, giving buyers hope that the number of profitable recommendations

would grow. He **expects** the drug industry to outpace other cyclical industries this year, with a 15 percent year-over-year increase in profits

...

...Japan's real estate markets may be the advent of securitization. Or so

conlends Rie Murayama of Goldman Sachs, who **anticipates** heightened demand for income-producing properties. The 38-year-old analyst, who reclaims the No. 1 slot after falling to...

...grade last November, based on extensive research on the impact of real estate investment trusts, which the Japanese Diet is **expected to** approve by year-end 2000. Even so, Murayama **predicts** that these so-called J-REITs will represent a smaller segment of the real estate securities market than they do...

...just before the program was extended and the home-buying bubble popped.

Fans say Shiomoto's government contacts help him **anticipate** key regulatory changes. Investors also like the conferences Shiomoto holds each

January in Tokyo. Third-teamer Yoshihiro Hashimoto of Merrill Lynch appeals

to the bears. "Last year was terrible for Japanese real estate," Hashimoto

says. Although he **expects** J-REITs to enhance demand for commercial property, Hashimoto doubts the prevailing view that values will rise significantly. "Hashimoto is...For 2000 the repeat first-teamer says he is

"quite optimistic on fundamentals," though he's not yet ready to predict when that might translate into higher share prices. An early focus on e-tailing wins converts to Yukihiko Moroe of...gains. Third-teamer

Matt Aizawa of Merrill Lynch says last year was topsy-turvy, as he ran the

gamut from "expecting trading companies to go bankrupt" in the first half of the year to determining "who has IT assets" in the second half. Marubeni Corp. was one of Aizawa's top picks, rising from Y250...

...from Merrill Lynch this January, also provided a top-notch analysis of

the heated competition between airlines and railways, correctly predicting increased pressure on railways as airline deregulation pushed fares lower. Advocates credit third-teamer Jun Harada of Warburg

Dillon Read...far faster than the broader market, though the boom in tech

shares was not necessarily reflected in GDP numbers. Initially forecasting zero growth for 1999, Yamakawa admits he was too bearish - precisely because of the failure of conventional statistics to capture

technology's burgeoning growth. He was quick to revise his GDP growth forecast up to 0.4 percent in late March - before much of the competition - because of improving corporate sentiment and earnings. Most forecasts at the time were still projecting negative growth. He proudly notes his projection precisely matched the GDP outcome for the...

...index rocketed 240 percent last year, versus 43 percent for the Nikkei and 64 percent for the Topix. Matsui's prediction of the Nikkei's rise was equally impressive. She projected a jump to 19,000 by year-end. On December...

...between macro- and microeconomic factors. "His explanations are easy to understand, even when he's discussing theory," says one fan. Predicting the return of the individual investor - and hence a flow of new capital into the equity markets - Haganuma was correctly...s November research examining the fundamental factors behind polarization in performance between growth and value companies, a discrepancy that Ito expects to continue. "With other houses, we get plenty of ideas, but we can't draw practical conclusions," says one fan...

...Buyers say Takahashi excels in his analysis of implied risk premiums, which he adds to other factors, such as earnings estimates and interest rate trends, to analyze the fair value of share prices. "Where others use two factors to make forecasts, Takahashi uses three or four," notes one backer. Also highly valued are Takahashi's quarterly strategy pieces.

Technical Analysis

Hidenobu Sasaki

Nikko Salomon Smith Barney

SECONKurokawa

Nomura Securities Co.

Hailed as "prophetic" by investors, Hidenobu Sasaki accurately forecast the direction of both the stock and the currency markets

last year - and did so with remarkable precision. "He got...

...trend in the right direction," says one loyal follower. In early 1999 the Nikko Salomon Smith Barney repeat first-reamer predicted the Nikkei would peak in May or July, followed by a major correction in September and a subsequent year-end...

...to have a good year was right. We should have listened to him," bemoans one client. Backers say Sasaki's forecast for the yen-- dollar exchange rate was remarkably accurate. With the help of analyst Yutaka Yoshino, Sasaki predicted the yen would weaken in the first seven months of 1999, to a low of Y125 against the dollar, followed...

...year. Exchange rates moved almost precisely in line with his predictions. Tatsuo Kurokawa of Nomura wowed clients with his currency forecasts last year. Says one investor: "The yen-dollar rate hasn't been easy to project. Kurokawa made one of the best goes of it last year."

The repeat second-teamer forecast a high of Y105 to the dollar and a low of Y124 in October and May, respectively; remarkably, the...profits,

far more than we could have dreamed of a year ago," says Jardine head of

research Andrew Houston. He expects to be back to 1997 staffing levels by the end of the year.

The rankings for Institutional Investor's seventh...

...Asia, many analysts are enjoying soaring paydays. Technology, media and telecom analysts who generate investment banking and trading fees can expect total annual income in excess of \$1 million, up 50 to 100 percent over the previous year, research heads say...

...a cost base is gone," says Michael Sargent, head of research at Salomon Smith Barney. "Analysts with the ability to sell the product are driving the revenue base."

Behind this resurgence, as elsewhere in the world, is the breathtaking run-up of technology companies and the insatiable...

...Though tech fever cooled markedly in April, as the world felt the chill from Nasdaq's plunge, most research heads figure the Internet is here to stay. As they strive to construct top TMT research teams, they are

training their firepower...

...Merrill Lynch, for example, aims to add an additional five to ten analysts in TMT this year. Three years ago, estimates Warburg Dillon Read, perhaps 10 percent of its analysts covered companies in the sector; today a third do. Morgan Stanley...

...to Quamnet.com, a Hong Kong-based financial portal. Though Tinker took a 70 percent pay cut, he says he figured he could make up the lost salary if Quamnet met its two- to three-year revenue targets and his stock ...circulate the questionnaire through their own research departments to poll individual analysts. Those that did not respond were contacted to determine if they would be willing to participate over the telephone. After the questionnaires were returned, our reporters spent weeks interviewing...first, second, third, runner-up). Separate weightings were used for equity and fixed-income sectors. Those scores were used to determine the rankings. Analysts were designated runners-up when their scores fell within close range of the score of the third...says one admirer. Li wins accolades for his contrarian call on the Hang Seng last year: In January 1999 he predicted that the index would rise 30 percent over the year; to the surprise of many, by April it had (by... argued that the Malaysian economy would grow 4.6 per cent in 1999, three times as fast as the consensus estimate. This view was vindicated as the market began its rally in the third quarter; by year-end GDP had grown

...

...a top Malaysian technology firm, at 10 ringgit; by late March shares had jumped to 40 ringgit. With the MSCI expected to readmit Malaysia at the end of this month, investors have reason to be optimistic. Clients always find some interesting...says one backer. "But they know the companies inside and out, and we find that very useful." The team correctly anticipated a market rise in the first half and then called for caution just as the market peaked, giving investors the...

...analyst Tien Xuan Doe correctly resisted the speculative allure of Philippine Long Distance Telephone Co., and economist Jun Trinidad

accurately **forecast** interest rates and the government's budget deficit. Says one fan: "They do a little bit of everything. If I...

...are reassured by Sim's more than 25 years of analytical experience. They specifically credit the team for savvy GDP **forecasts** that were decidedly more bullish - and accurate - than the consensus.

South Korea

Hunsoo Kim

Merrill Lynch
SECOND TEAM

Richard Samuelson...turn of the year. Terence Lim has since taken over the

South Korea team. Warburg Dillon Reads Richard Samuelson also anticipated the South Korean recovery. Proponents give Warburg's nine-member team, which repeats in second place, special plaudits for predicting the financial sector problems in the second half of 1999; these were spurred by the July collapse of the Daewoo conglomerate. In June

banking analyst Yong Chul Yoon downgraded the whole banking sector. By year-end, as **forecast**, financial stocks had underperformed the Korea Stock Exchange by well over a third. Warburg also scored big with the publication...

...handsets. In a 16page report called "Wireless Future," technology analyst Sharon Su trumpeted the shares at 171 new Taiwan dollars, predicting that Ambit's stock would rise as Apple Computer, one of its biggest customers, recovered and Ambit's handset component...upgraded

the stock to a buy and in a widely read June report entitled "Cathay Endgame, or Playing Chicken" correctly predicted that a strike was unlikely. Cathay rose from HK\$12.55 to HK\$17 before his October downgrade.

"He has...local company analysis. "Merrill analyzes all the companies in the context of its view of the industry cycle and then determines how each will be impacted in the short term and long term," says one supporter.

Fans say there's no...

...been calling it for God knows how long - but Merrill had the reasoning

behind it," says one client. As Merrill predicted, the sector rowed up in the second quarter but then slowed again by year-end, finishing in line for the...should deregulation move forward] - some that would work and others that wouldn't." In its November "Theoretical Price of Power" forecast end-user electricity prices after proposed deregulation and concluded that prices in such areas as Hong Kong would plummet by...

...teamers, winning praise for their eye for value. Investors especially admire their analysis of Hong Kong and Singapore; they correctly predicted that these markets would see the swiftest comeback. Supporters agree with Lams thesis that property stock investors are emotional and overshoot the market on the downside, creating bottom-fishing opportunities. Noting rising consumer confidence in January 1999, Lam correctly forecast that apartment sales would remain vibrant - especially in Hong Kong and Singapore - despite rising interest rates. On that basis Warburg...
...a glut of vacancies, but local laws make it difficult (especially in Indonesia and Thailand) for banks to foreclose when mortgage borrowers default, says Churchouse, who leads the four-member team to a repeat second-place performance. In Hong Kong and Singapore, where...many of his colleagues, the Malaysia-based analyst was quite tough on Asia Pulp & Paper Co. Lee correctly revised earnings estimates downward for the major player throughout 1999. In the Australian and New Zealand markets, investors point to Merrill's Simon...

...and he tells a good story," says one. In March 1999 third-reamer Ali Naqvi of Credit Suisse First Boston forecast a 30 percent rise in pulp prices that he thought would translate into higher market valuations. While pulp prices subsequently rose some 60 percent, stock prices floundered. "I have to admit that we hadn't anticipated the political uncertainty and the rotation into New Economy stocks," Naqvi says, though investors point out that many analysts shared...

...grateful fan. Semiconductor prices had slumped in the first quarter of

1999 because of oversupply; but the second-teamer correctly predicted that the sector would perform strongly again based on early signs of sustainable pricing power. One notable call: Liu's...the No. 1 ranking for the fifth year in a row. In early 1999 Walker concentrated on corporate earnings, correctly predicting that profits would return in Asia, even without an economic recovery. Nonetheless, some of Walker's calls were "a bit..."

...with his three colleagues in Hong Kong and Singapore, Walker continued to preach the "deflationary" theme for China, this time predicting that Beijing would devalue the renminbi in 1999. Devaluation did not occur, though Walker insists it has not disappeared from...

...t scared to go against the consensus view." Early last year Morgan Stanley Dean Witter team leader Andrew Xie correctly predicted a rapid recovery in Asia, especially in those economies that had adopted flexible exchange rates, such as South Korea and...

...third place. "They were pushing the recovery theme before many others," one convert recalls, and were spot on with GDP forecasts. The Merrill team projected 4.6 percent GDP growth for Malaysia and 0.4 percent growth for Indonesia in 1999...strategist, Napier stepped down more than two years ago to take on a consulting role. Investors also credit CLSA with foreseeing a dramatic increase in commodity prices, particularly in base metals (such as nickel and copper), which more than doubled in... ...a third consecutive victory by Chris Francis - was quick to see the market would only improve. Early on, Merrill correctly predicted that economic recovery, coupled with corporate deleveraging, would lead to unmet investor demand; over the year, Asian bond spreads tightened...

...out the struggling Samsung as a potential crossover credit because of a management turnaround and improving fundamentals. As Jiang had predicted, Samsung's credit was lifted to investment-grade status at midyear, providing an annual total return of 19 percent. Placing...

...Asian economy recovered, the group - which works closely with Chris Francis, Merrill's corporate fixed-income chief in Asia - rightly

predicted that supply would tighten because of diminished issuance, while demand would balloon as credit upgrades attracted more investors. As expected, spreads tightened dramatically, as the benchmark Chase Asia sovereign bond index rose more than 9 percent. With the bullish view...of the companies, which is helpful because the amount of information available is very limited," explains an adherent. After correctly predicting that China would not devalue its currency, Jiang - who also leads Goldman's corporate fixed-income team to a second...

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01907203 05-58195
Mechanic's lien rights
Fullerton, James D
Business Credit v101n9 PP: 50-53 Oct 1999
ISSN: 0897-0181 JRNL CODE: CFM
WORD COUNT: 4813

...TEXT: 10 percent, whether or not the bank had security? Which banks would make money and which would lose? What would determine profitability?The obvious answer again is security. The banks that could consistently get security for their 10 percent loans would...

...could not get security would lose money

What if the market rate for all lending was 0 percent? What would determine which lenders were profitable? Guess what? The answer is still security. The market rate for lending in your business is...

...days. If you are a 0 percent lender, security is critical to your profitability.

When you or your business owner compute the price you need to be profitable, risk factor is one of the components considered. In addition to the cost...

...and non-collection without lowering your prices, you have simply increased your profits.This is making more money in less time.

Why does security decrease the risk of non-collection? When you purchased your ~~last~~ home or automobile, the bank required you to sign at least two pieces of paper. One was your promissory note...

...was a mortgage, deed of trust or other "security agreement." Your security agreement provides the bank rights against the "security property" In the event of ~~default~~, the bank can foreclose upon the security property, whether it be a house, automobile or other property.

The secured creditor...

...however, the lender will be able to sell the security property to obtain repayment on some or all of the loan. If there is a ~~default~~, the risk of noncollection is lower.

What Is a Mechanic's Lien?

If you supply labor and materials for the...manager must know the limitations of the security rights. If security rights are weak, it is much more important to determine whether the customer is solvent or has a good track record. Weak security rights mean that credit limits must be...

...the land records. A "second mortgage" is the second in time to be recorded in the land records on that property. If the property is foreclosed, the first lien holder has a "higher priority" to the proceeds of sale and will receive all of the proceeds of sale until paid in full. If there are any sales proceeds left, they go to the second mortgage holder, until the...

...is paid in full, and so on. The priority of any type of lien is extremely important and will often determine whether or not the lienholder gets paid. A lien with low priority can easily be worthless.

There are very few...

...that payment has been made for all such labor and materials. The priority of various liens on real property also determine whether or not the liens survive foreclosure. If the first mortgage holder forecloses, then the second and third mortgage holders are eliminated. These inferior lien holders have no security interest in the property after foreclosure. All liens that are "inferior" to the foreclosing lien holder are eliminated, but liens that are "prior" will

survive the foreclosure. If a second mortgage holder forecloses, the first mortgage holder would be unaffected. The foreclosure purchaser now owns the property "subject to" the prior first mortgage lien.

If a mechanic's lien is "inchoate," it is prior to most other...the mechanic's lien in this case prior or inferior to the loan advance? This

seemingly minor issue can easily determine whether a mechanic's lien claimant gets paid. If a project goes belly up part way through construction, someone must...

...mechanic's lien law in these states. Subcontractors and suppliers should

always be aware of these types of waivers in determining whether to supply labor and materials to a project, at what price and whether some

form of alternative consensual security...

...likely that they will return phone calls or provide copies of documents.

You need this information early, while you are determining your risks of default and noncollection on this sale.

A site plan for the project is the single most important...

8/3,K/4 (Item 3 from file: 15)
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01781562 04-32553

Surviving '98 as a small servicer

Schneider, Howard

Mortgage Banking v59n5 PP: 14-22 Feb 1999

ISSN: 0730-0212 JRNL CODE: MOB

WORD COUNT: 4106

...TEXT: vice president of loan administration. "Servicing augments production and secondary marketing," he notes. Headlands is a wholesale lender that earns income primarily by selling its originations. Current production typically is placed in the servicing portfolio for three to six months, in order to build...but Plumb is looking for a client-server system that will allow him to bring the servicing in house. He forecasts significant cost savings as a result, while also having

more control.

Although Continental would have to pay for the servicing software, Plumb doesn't expect to need to add to the two people now handling Continental's servicing information systems. His staff consists of 11... Bennion. He notes that most industry information comes from larger firms whose methods and organization are different. Whether it's determining salary levels or "bouncing decisions off someone regarding growth and investments, Continental would enjoy having peer group information. "It's..."

...service their loans. Some borrowers who obtained government-insured mortgages from Lake are upset to find that their servicing was sold to another firm.

Servicing income also helps pay the company's expenses when originations are slow. Although Lake closed \$108 million in 1998, a typical

...

...the firm can handle Year 2000 computer issues. One incident that showed

that the Year 2000 problem is real occurred last May, when a customer wanted to make his payment for January 2000. Neither Lake's system nor Fannie Mae's could handle the payment at the time, Howard notes

...conforming product, we need to be proactive." This is especially important on new loans, he notes, where a first payment default can indicate a fraudulent loan or poor underwriting decision.

New borrowers usually are called about 10 days before their first payment is due. "This is..."

8/3,K/5 (Item 4 from file: 15)
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01725440 03-76430
Current developments (part I)
Elinsky, Peter I; Richardson, Terrance F; Holmes, Eugene M
Tax Adviser v29n11 PP: 765-781 Nov 1998

ISSN: 0039-9957 JRNL CODE: TAD
WORD COUNT: 10641

...TEXT: modified to:

Discontinue the use of 40% (or any other percentage) of the maximum payment amount as the basis for calculating sanctions (except for egregious failures).

Provide for greater predictability and consistency, by replacing the prior sanction structure with a limited before submitting Form 5310, Determination Letter Regarding Plan Termination. The procedure included in its definition of "under examination" notification from the district office that such...

...before Sept. 3, 1998, the amendment deadline is extended to the last day of the twelfth month beginning after the date on which the last of such collective bargaining agreements terminates (determined without regard to any extensions after Sept. 2, 1998), if later than the last day of the plan's remedial...

...guidance on the treatment of loan repayment after a deemed distribution has occurred and on interest that accrues while the loan is in default. These open issues have been the subject of much concern from plan administrators and recordkeepers.

Plan basis: Under the 1995 proposed regulations, if a plan declares a loan to be in default and issues a Form 1099-R, Statement for Recipients of Total Distributions from Profit-Sharing, Retirement Plans, Individual Retirement Arrangements...

...counted a deemed distribution as plan basis, but provides that basis does not arise until repayment is made.

Interest on defaulted loan: If a person takes ...plan asset), many employers and recordkeepers have wondered how to treat the interest that accrues on the note when the loan goes into default and a

Form 1099-R is issued. The informal IRS answer over the years has been that

the accrued interest...

...Sec. 1.72(p)-1, Q&A19(a) states that the accrued interest continues to accrue and is counted in determining the amount available to the participant for a loan.

Example: P took a \$42,000 loan (for a home) in...

...loan grew to approximately \$18,000. The outstanding balance and the accrued interest on the loan are added together in determining whether the participant can take another loan. Even if the plan permits a second loan while there is an outstanding...

...Transition rules: Prop. Regs. Sec. 1.72(p)-1, Q&A-21(c)(3) provides three examples of how to calculate the basis and distribution once a distributable event occurs. The examples focus on how the employer has treated the defaulted loans in previous years, and what the plan has to do to comply with the proposed regulations.

Payroll withholding: The preamble...5% or the rate specified in the plan.

Sec. 415(e)(3) provides rules on the actuarial assumptions used in determining the present value of lump-sum payments.

The Retirement Protection Act of 1994 (RPA '94), part of the Uruguay Round

...

...Sec. 415. First, RPA '94 Section 767 provided a special mortality table

and changed the applicable interest rate used to determine the present value of a benefit subject to Sec. 417(e)(3). Second, it added new

Sec. 415(b)(2)(E...)

...generally effective for limitation years beginning after 1994, but plans

were permitted to elect to use their old assumptions to calculate the present value of lump-sum distributions under Sec. 417(e)(3) until plan years beginning after 1999.

Rev. Rul...

...plan that was in effect before Dec. 7, 1994 need not use the RPA '94 interest and mortality assumptions to calculate Sec. 415 limits before the earlier of (1) the date a plan amendment applying the new assumptions is adopted or...

...ruling lists the benefits subject to the special interest rate under Sec. 415(b)(2) (E)(ii); shows how to determine the applicable interest rate; provides the effective dates for the changes to Sec. 415; addresses coordinating plan amendments required to...

...Defined Benefit Plan Distribution Valuation

The IRS has released final and temporary regulations¹¹ on interest and mortality assumptions required to calculate present values for defined benefit plan distributions under Sec. 417(e)(3). The regulations were effective April 7, 1998, and...present value calculations under Sec. 417(e)(3) are used for three separate Code requirements imposed on defined benefit plans:

Calculating the present value of lump-sum cashouts of a participant's defined benefit plan amount under Sec. 417(e).

Determining whether the lump-- sump value exceeds the \$5,000 cap on mandatory cashouts under Sec. 411(a)(11).

Calculating the permissible maximum equivalent benefits payable under Sec. 415(b) when such benefits are not paid as an annual benefit.

Background: As discussed above, the RPA '94 provides that present value amounts calculated under Sec. 417(e) must not be less than the amount derived using (1) an applicable mortality table prescribed by...

...assumptions and permitted plans to use interest rates based on the Pension Benefit Guaranty Corporation's interest rate used to determine lump-sum present values in plan terminations. The IRS released proposed regulations implementing these changes on April 5, 1995.

The...

...e)-1(d)(10) provides limited Sec. 411 (d) (6) relief for certain plan

amendments that change the time for determining the applicable interest rate and provides several examples on these protections.

New Determination Letter Procedures and User Fees

Two revenue procedures update the rules for IRS employee plan letters and rulings. Rev. Proc. 98-6(13) revises the employee plan determination letter procedures, effective Jan. 5, 1998. According to the IRS, Rev. Proc.

98-6 is a general update of Rev. Proc. 97-6, (14) which contains the IRS's general procedures for employee plan determination letter requests. Most of the changes to Rev. Proc. 97-6 involve minor revisions, such as updating citations to other procedures.

Plan transfers: The one substantive change in Rev. Proc. 98-6 is to the "no determination letter" list in Section 3.02, expanding the types of plans the IRS will consider. Rev. Proc. 98-6 removes from the no-determination list the issues of transfers of excess assets from ongoing defined benefit plans to defined contribution plans or transfers in

...

...SBJPA and the Uniformed Services Employment and Reemployment Rights Act.

Rev. Proc. 98-14(15) announced the opening of the determination letter process for plan amendments required by these new laws.

However, there are a few exceptions to the plans and amendments the IRS will consider:

In issuing determination letters, the IRS will not rule on changes involving master or prototype plans and regional prototype plans not yet amended to comply with GATT, the SBJPA or the TRA '97, unless such plans are terminating plans.

The IRS review for determination letters will not consider SBJPA changes for provisions effective for plan years beginning after 1998 (e.g.,

Sec. 401(k)...2(b) and 1.401(a)(4)-3(b), because such plans may discriminate against NHCEs. In filing for a determination letter after April

26,1998, such plans may not designate their status as a safe-harbor plan.

Plans wishing to...

...further notice).

User fees: Rev. Proc.98-8,(16) effective Jan. 5,1998, adjusts user fees for various ruling letters, determination letters and other employee plan and exempt organization matters. Fees for individual determination letters, SVP and VCR are generally unchanged.

Simplified Method for Taxing Qualified Plan Annuities

Notice 98-2(17) describes the new simplified method required under Sec.

72(d) for determining the taxable and nontaxable portions of annuity payments made from Sec. 401(a) qualified plans and Sec. 403(a) and (b) annuities. Notice 98-2 replaces Notice 88-118,(18) which had provided an

optional simplified method for determining the taxable and nontaxable portions of such payments. The new method generally applies to any annuity with a starting date...

...Under the new method, the portion of each annuity payment a distributee

excludes from income is a level dollar amount determined by dividing (1) the investment in the contract by (2) the expected number of annuity payments listed in the appropriate table in the notice.

Pre-1998 starting dates: For annuity starting dates after Nov. 18,1996 and before 1998, the expected number of payments is taken from Table I:

Post-1997 starting dates: For annuity starting dates beginning after 1997,
the table used to determine the expected number of payments depends on whether the payments are based on the life of more than one individual.

Life of one individual: If the annuity is based on the life of only one individual, the expected number of payments is the same as under Table I, above, based on the annuitant's age (rather than the...

...Life of more than one individual: If the annuity is based on the life of more than one individual, the **expected** number of payments is taken from Table II, and is based on the annuitants' combined ages at the annuity starting...

...without life contingencies: For an annuity that does not depend on the life expectancy of one or more individuals, the **expected** number of payments is the number of monthly annuity payments under the contract.

Investment in the contract: The investment in...

...to the plan), reduced by amounts received before the annuity starting date that were excluded from income. The investment is **determined** without regard to the adjustment for any refund feature described in Sec. 72(c)(2).

Because the death benefit exclusion...

...may no longer increase the investment in the contract by the death benefit exclusion.

Excluded amount: The excludable dollar amount **determined** under these rules will be excluded from each monthly payment, even if the amount of the annuity payments changes. For...investment is recovered. For annuity starting dates after 1986, annuity payments received after the investment

is recovered (generally, after the **expected** number of payments has been received) are fully taxable. If annuity payments stop because of death, a deduction for the...

...Nonmonthly payments: An adjustment is necessary when annuity payments are not made on a monthly basis. One method is to **determine** the number of **expected** payments by dividing the applicable **expected** number of months in the applicable table by the number of months in each period. Another way is to **determine** the taxfree portion of a monthly payment using the applicable **expected** number of months from the applicable table and then multiply the resulting monthly dollar amount by the number of months...

...1996 and before 1997, pre-SBJPA law (including the optional simplified method under Notice 88-118) may be used to determine the taxable and nontaxable portions of annuity payments received in 1996 and 1997. Thus, payors will not need to re...

...account the SBJPA changes.

Under this transition rule, a payor who reports the taxable portion on Form 1099-R must determine the taxable and nontaxable portion of annuity payments made after 1997 under the "transition method." (Payors may choose to apply...

...after 1996.) Under the transition method, the nontaxable portion of each payment made on or after the transition date is determined by dividing the remaining investment in the contract by the remaining number of expected payments.

(Table Omitted)

Captioned as: Table I

(Table Omitted)

Captioned as: Table II

For this purpose, the "remaining investment in..."

...of the investment treated as recovered after the annuity starting date and before the transition date. The "remaining number of expected payments" is the total number of expected monthly payments on the annuity starting date, less the number of payments made before the transition date.

If the payor...

...not report the taxable portion of annuity payments on Form 1099-R, a distributee who uses the transition rule must determine the taxable and nontaxable portions using the transition method.

ESOPs

S Corporations

The TRA '97 included several provisions that will...

...of time some or all of an S corporation's income) potential is significant. The participants will pay tax on gains from the sale of the securities when they are distributed from the ESOP

Cash distributions allowed: ESOPs are generally required by Secs. 409... employer securities occurring after May 6, 1997, the period the employer securities were held by the plan need not be calculated. The holding period will be deemed to be 18 months, hence qualifying the NUA for the 20% capital gains rate (10% if the gain would otherwise be taxed at 15%). However, the actual holding period in the distributee's hands determines the tax rate that will apply to the NUA occurring after distribution from the plan. This notice resolves an important question for participants who received employer plan lump-sum distributions (including employer securities in 1997) and subsequently sold the securities. Returns can now be filed applying the 20% (or 10%) rate for these assets.

Rev. Rul. 81-122(26) stated that...in Notice 98-49, trustees must follow the guidance in the notice. Notice 98-49 also modifies the rules for calculating the nontaxable return of basis in distributions set out in Notice 87-16(31) as they will apply to First...

...per year.

Clarification of the phaseout range for married individuals filing separately as \$0-\$10,000.

Clarification that AGI is determined for the year of the conversion without regard to the amount taxable because of the conversion.

The required five-year...

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01724005 03-74995

The contract for deed as a mortgage: The case for the restatement approach

Nelson, Grant S

Brigham Young University Law Review v1998n3 PP: 1111-1167 1998

ISSN: 0360-151X JRNL CODE: BYU

WORD COUNT: 22704

...TEXT: observes that the two theories potentially provide useful alternatives for assessing the fairness of particular forfeitures and aiding courts in calculating the vendor's damages and the purchaser's restitution rights.¹⁶ Professor Freyfogle also notes, however, that courts rarely distinguish...

...for damages resulting from the default. The trial court held that Russell's contract interest was forfeited, but it also determined that the forfeiture shocked the conscience of the court. It entered a judgment for damages in favor of Russell for...

...that the trial court abused its discretion in failing to give full effect to the forfeiture. While the supreme court determined that it was proper for the trial court to take into account Russell's reduction of the contract principal of...

...purchaser who has over a sixty-eight percent equity in the contract real estate? Hardly. Assume that the Richardses had foreclosed the contract as a mortgage and that they purchased at the foreclosure sale for \$26,504, the principal amount owing on the contract obligation.

Would...

...000 (the approximate difference between the foreclosure sale price and the fair market value of the land)? Surely not. No mortgage law principle enables a foreclosed mortgagor to obtain a judgment against a mortgagee-purchaser for her lost equity. At most, she would have the extremely...is unable or unwilling to redeem has the right

to have the value of the land tested at a public foreclosure sale. If the property sells for more than the contract price, the purchaser has the right to the surplus. If the sale yields less than the contract debt the vendor, unless prohibited by statute, is entitled to a deficiency judgment.⁵⁹

The judicial...
...21,000 of the \$36,000 of the contract price had already been paid. In ordering that the contract be **foreclosed** in accordance with Indiana mortgage procedure, the Indiana Supreme Court stated that "[c]onceptually . . . the retention of the title by the vendor is the same
...treat land sale contracts as analogous to conventional mortgages, thus requiring a seller to seek a judicial sale of the property upon the buyer's **default**."⁷² Consequently, the court determined "that a rule treating the seller's interest as a lien will best protect the interests of both buyer and..."

...mortgages.⁷⁵ More important, numerous Florida cases, in a variety of contexts, state that a contract for deed is a **mortgage** and must be foreclosed as a **mortgage**.⁷⁶ For example, in reversing the trial court's termination of a purchaser's contract for deed interest, the District...

...mortgages. Whether the movement to mortgage treatment is judicially inspired or the product of legislation, there is every reason to expect it to continue, especially in states in which the contract for deed has not been institutionalized by statute.^{ss}

V if the foreclosure **sale yields** less than what was owing, a deficiency judgment would be available for the difference between the sale price and the...

...95 To be sure, a court may occasionally come to the vendor's rescue by applying the contract doctrine of **anticipatory repudiation** as a basis for acceleration.⁹⁶ Nevertheless, the absence of an acceleration provision surely presents a substantial obstacle for the...

...a greater extent, is governed by contract law. In any event, where this approach is followed, to the extent the **sale yields** more than the contract balance, the purchaser is entitled to the surplus. Where the sale brings ...acceleration clause. The same problem exists when the vendor opts for foreclosure. Unless a court is willing to employ the **anticipatory repudiation** concept to make the remaining balance due

and owing,¹⁰⁵ the vendor will be faced with the undesirable option...

...court may instead order judicial foreclosure by sale.¹¹⁰

D. The Election of Remedies Limitation on Vendors

In a traditional **mortgage** law setting, if the **foreclosure** **sale** **yields** less than the mortgage obligation and the mortgagor is personally liable on that obligation, the mortgagee has the right to obtain a judgment for the deficiency against the mortgagor.¹¹¹ This deficiency judgment normally is for the difference between the **mortgage** **obligation** and the **foreclosure** sale price.¹¹² Of course, several states place one or more statutory limitations on deficiency judgments. For example, a few one of the few jurisdictions that prohibit deficiency judgments in the purchase money **mortgage** context, the **foreclosing** mortgagee will be able to obtain a deficiency judgment against anyone personally liable on the mortgage obligation.

VI. THE RESTATEMENT...

...contract, and the facts of the particular case."¹²⁶ The interplay of these various factors makes it extremely difficult to predict whether a court will permit forfeiture of a purchaser's interest.

The vendor's nonforfeiture remedies are also problematic. While...

...would mean that

[p]redictability would be sacrificed in each case to the need for a court to make a determination of whether the purchaser's financial stake in the property is sufficient to justify mortgage treatment. Moreover, because some contracts...functionally equivalent remedies are available under the law of mortgages. A mortgagee normally has the right to defer or forego **foreclosure** and sue on the **mortgage** obligation.¹⁴¹ Similarly, under the Restatement approach a contract vendor, qua mortgagee, will be able to obtain a remedy that...

...performance for the price.

Moreover, to the extent that a deficiency judgment is available to a mortgagee where the foreclosure sale yields less than the mortgage obligation, so too will such a judgment be granted to the contract vendor after a foreclosure...

...substantial title defects.¹⁴⁴ The purchaser must rely on the vendor being able to correct such defects prior to the time the last contract payment must be made.

However, suppose the vendor's title is not defective at the time the contract is executed, but...

...do not record and, as this Article explores later, may actually be prevented from recording by their vendors. "Since vendors anticipate a high default rate among vendees, it is in the vendors' interest that the contracts not be recorded so that...Even if forfeiture is in fact valid in a given situation, it will take a judicial proceeding to make that determination and establish marketable title in the vendor. Surely, a selfserving affidavit from the vendor alone will not suffice to accomplish

...almost immediately after the entry of the judgment. Moreover, the effective date of the lien under the foregoing standards also determines its priority as against other judgment liens on the real estate. Thus, if the holder of the senior judgment lien...

...of other judgment creditors. Consequently, where the judgment debtor is either a purchaser or vendor under a contract for deed, determining whether the debtor's interest is realty or personalty can be crucial in determining the rights of the judgment creditor.

Courts have had no difficulty in dealing with the rights of the purchaser's
...much. Each creditor would have liens on the vendor's contract interest
and the priority of their judgments would be determined by the order of docketing. Consequently, since Creditor B's judgment was docketed later than Creditor A's, Creditor B...contract.lso What does this mean? If it means that the mortgagee may take over the purchaser's interest without foreclosure of the mortgage, it clearly is wrong because it

would confer on the purchaser's mortgagee greater rights than possessed by
a second...

...foregoing situation. First, of course, forfeiture would be impermissible-the vendor would be required to foreclose the contract as a **mortgage**.¹⁸¹ If the **foreclosure** is judicial, the purchaser's mortgagee must be made a party-defendant.¹⁹² If power of sale foreclosure is permissible...

...be treated as a junior mortgagee in a traditional "senior mortgage-junior mortgage" setting. In this context, when the senior mortgage is in **default**, the junior mortgagee has two options. First, it may pay off or "redeem" the senior mortgage and stand in the...
contract for deed termination statute should be repealed. Its substance should be incorporated into that state's power of sale **mortgage foreclosure** legislation. Thus, land sellers who take back a purchase money mortgage would be able to obtain a nonjudicial foreclosure sale...

...from current Minnesota contract for deed procedure would be that the defaulting purchaser would have the right to a public **foreclosure** sale of the **property**. This public sale and valuation of the land could in some instances result in a surplus for the purchaser-mortgagor...
based on the facts presented . . . There are numerous Colorado decisions which have required that an installment land contract must be **foreclosed** as a **mortgage**. There are also many cases which have refused to treat such an agreement as a mortgage.

Footnote:

The factors to be used by the trial court include the amount of the vendee's equity in the **property**, the length of the **default** period, the wilfulness of the default, whether the vendee has made improvements, and whether the property has been adequately maintained...

...e.g., *Gonzales v. Tama*, 749 P.2d 1116 (N.M. 1988) (holding that mortgagee permitted to foreclose for entire **mortgage** obligation where **default** was substantial and of long duration).

Footnote:

106. REAL ESTATE FINANCE LAW, supra note 1, at 97. 107. See id...

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00746672 93-95893
Trading places: Barter re-enters corporate America
Barr, Stephen
Management Review v82n8 PP: 30-34 Aug 1993
ISSN: 0025-1895 JRNLL CODE: MRV
WORD COUNT: 2137

...TEXT: percent annually over the past five years.

"Whatever it is--surplus or seasonal inventory, a discontinued line, canceled orders, store ~~returns~~--you can trade it, rather than liquidate it, and recover the value that has been lost," Levitz says. A majority of barter deals involve some form of...

...bargain-basement prices just as the new inventory (the same product in new packaging) is arriving at full price. Playtex expects to take about three years to use up its advertising credits.

"Media is the currency of larger trades," says Bill...

...countertrade, involves a majority of large multinational companies that sell to countries that with weak currencies or require that partial payment be in goods. Take what happened last year when Uganda wanted helicopters to help stamp out elephant and rhino poaching but didn't have the \$25 million to pay...

...and net worth, improve earnings and increase cash flow.

BARTER IN A DOWN ECONOMY

Last year, American companies bartered an estimated \$6.5 billion worth of goods and services, an increase of 8 percent over 1991, according

to Paul Suplizio, executive...in many parts of the country has crashed, leaving values depressed, vacancies high and demand virtually nonexistent.

Financial institutions have **foreclosed properties** on their books, and corporations have closed plants; in both cases, the balance-sheet impact can be severe.

"Real estate..."

...not," says Steinberg. "It's a hard asset that the corporate controller will be well aware of and trying to figure out how to use. When the method of disposition becomes barter, that gets attention." And Steinberg knows. In a trade...

...bought \$3 million-worth of corn seed that was tough to remarket at the price it needed to make a **profit**, and before it could be **sold**, half the seed germinated. The company also took a million-dollar loss on auto touch-up paint from Sherwin-Williams...

...wasn't the right equipment to apply the paint.

"We pay upfront and we take our chances," says Levitz, who **estimates** that the company makes "a mistake a year." The company completes trades worth more than \$400 million, but he would...actually made it possible to expand trading to other divisions.

"They keep blank contracts on hand now," says Steinberg, who **estimates** that he does about six trades a year with Conagra worth \$7 to \$8 million. "I wish others did that."

8/3,K/8 (Item 1 from file: 16)
DIALOG(R)File 16:Gale Group PROMT(R)
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09849747 Supplier Number: 85970997 (USE FORMAT 7 FOR FULLTEXT)
J Net Enterprises Reports Third Quarter FY 2002 Results.
Business Wire, p0422
May 15, 2002
Language: English Record Type: Fulltext
Document Type: Newswire; Trade

Word Count: 1125

... the prior quarter operations included certain costs that were eliminated in December 2001 when the restructuring actions were completed.

Management expects the operations of InterWorld, which required funding to sustain its operations until February 2002, to be cash neutral.

Foreclosure on...

...2002. The loan was secured by all of InterWorld's assets, including its intellectual property. As a result of the foreclosure, the employees, contracts, intellectual property and other assets were transferred to IW Holdings, Inc., a wholly owned subsidiary of J Net, effective May 3, 2002...

...made at the face amount of the Notes and shall not include any accrued interest since March 31, 2002, the last interest payment date. After evaluating, among other things, the risk profile associated with the Company's cash investment strategy and the reduced yield that would result from a more conservative program, the Committee determined that redeeming the Notes would be in the best interest of the Company. The repurchase transaction is expected to occur in July 2002. The following is a condensed unaudited consolidated pro forma balance sheet as of March 31, 2002 assuming all the holders of the convertible subordinated notes elect to accept the repurchase offer and including an estimate of the impact of the reduction in recorded liabilities in the InterWorld restructuring and certain liabilities recorded on the separate balance sheet of J Net (dollars in thousands):

Assets:	
Cash	\$
9,782	
Income	
tax refund	1,219
Real estate held for sale	
	5,250
Other current assets	
1,004	
Investments, at cost	
4,628	

Property and equipment and other assets, net
992...

...The Company notes that a variety of factors could cause the Company's actual results to differ materially from the anticipated results. The Company assumes no responsibility to update the forward-looking statements contained in this release. Additional information on factors...income

tax benefit -- (2,623) --
 (8,355) ----- ----- ----- -----

Net loss from continuing operations	(1,320)	(22,771)	(23,514)
(35,416)			

Gain on sale of discontinued operations, net of operating results during the period of \$0 and \$(250), net of tax and \$0 and \$6,711 tax from gain on sale for nine months ended	--	137	--
12,776	-----	-----	-----

Net loss \$(22,640)	\$ (1,320)	\$ (22,634)	\$ (23,514)
<hr/>			

Basic earnings (loss...)

8/3,K/9 (Item 2 from file: 16)
DIALOG(R)File 16:Gale Group PROMT(R)
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09217343 Supplier Number: 80195117 (USE FORMAT 7 FOR FULLTEXT)
New Competition, Tighter Margins Lead to Convenience Store
Failures.(Brief

Article)

FRIEDMAN, MARK

Arkansas Business, v18, n45, p1
Nov 5, 2001

Language: English Record Type: Fulltext

Article Type: Brief Article

Document Type: Magazine/Journal; Trade

Word Count: 1687

... another way, gasoline retailers selling 20 gallons of fuel to consumers in these markets were making less than \$1 gross profit on every sale," OPIS said.

Coulson Oil Co. in North Little Rock, which supplies gasoline to 140 stores in Arkansas, is just hanging...

...a number of financiers were willing to lend money to people who were

building or buying convenience stores. But the expected rates of return were unrealistic in a downturn market, Osborne said.

On Aug. 28, 1998, TSC Express took out a...

...Mortgage Capital LLC of New York, the parent of Convenience Store Finance, filed suit on May 17 after TSC Express defaulted on the loans. At the time, TSC owed \$10 million plus accrued interest of \$117,000 and \$17,000 in late charges. TSC...

...Credit Suisse First Boston, sued TSC Express in U.S. District Court in Little Rock, saying the company had again defaulted on the loan

The lawsuit didn't say when Express made its last payment, but on Oct. 9, it owed \$9.9 million on the balance of the loan, with accrued interest of \$192...

8/3,K/10 (Item 3 from file: 16)
DIALOG(R)File 16:Gale Group PROMT(R)
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01543885 Supplier Number: 41886230 (USE FORMAT 7 FOR FULLTEXT)
MAI Phasing Out Production in Shift to VAR
Electronic News (1991), p14
Feb 25, 1991

Language: English Record Type: Fulltext
Document Type: Magazine/Journal; Trade
Word Count: 1554

... readily acknowledge as much, but assert that in leaving behind the hardware business and its thinning margins, they are merely anticipating changes that larger computer manufacturers will be forced to undertake soon enough.

"Hardware has become a commodity market driven by...

...of the analysts who still bother to follow his activities are inclined to credit Mr. Lebow's motives, let alone predict ultimate success for MAI. Mr. LeBow stepped in the bail out MAI in its most recent go-round with the...

...half its business, and its still-lucrative service business.

"Traditional minicomputer vendors are a dying breed in many ways. We estimate industry growth here at 4.4 percent in 1990, half of what the growth rate had been for the past..."

...two-year quagmire at MAI, which has required Mr. LeBow to loan the company \$55 million to prevent it from defaulting on bank loans, goes back to 1988, when MAI was coming off the most successful period in its 20-year history. That year...

...of banks in Canada and Germany. MAI has had to restructure that debt three times already to avoid a default, most recently in December, when it whittled down the principal payment due in 1991 to \$12 million from \$30 million.

As in the past, the banks agreed to the deal mostly...on the last day of any fiscal quarter in which MAI's net worth falls below a specified level.

MAI expects the restructuring to shave off \$30 million in operating expenses this year, on top of \$27 million saved last year...

...manufacturing heritage and set the stage for its VAR strategy. While

gross margins will be lower as a VAR, MAI expects to offset that with reductions in the amount of capital it must commit to inventory, R&D and

engineering, Mr...

...customer has changed. It's like night versus day compared to two years ago.

Since adopting its VAR posture, the revenue from MAI's average sale has multiplied by a factor of four to eight over what it averaged selling proprietary computers. The financial benefits of those

sales should begin to appear in the April and September quarters this fiscal year, predicted Michael Fabiaschi, MAI sales vice president.

MAI has also protected its installed base by having Sequent Computer and Acer Computer...

...vice president of OEM operations.

The company retains enough inventory of its remaining proprietary systems, called Advanced Series, to fill anticipated demand into the foreseeable future. But those are being phased out.

But even Mr. Anderson acknowledges that it's time...

8/3,K/11 (Item 1 from file: 20)
DIALOG(R)File 20:Dialog Global Reporter
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15370476 (USE FORMAT 7 OR 9 FOR FULLTEXT)
King of Colorado Foreclosures Says We Try to Help
David Olinger
KRTBN KNIGHT-RIDDER TRIBUNE BUSINESS NEWS (DENVER POST - COLORADO)
February 25, 2001
JOURNAL CODE: KDPT LANGUAGE: English RECORD TYPE: FULLTEXT
WORD COUNT: 2822

(USE FORMAT 7 OR 9 FOR FULLTEXT)

... three times the debt. They sold 27 the same day -- or even before

-- they bought them by paying off the foreclosed mortgage.

Caragol and his associates say their business is profitable, but less so than public records indicate.

They say they typically...

... to recover a house that had a mortgage balance of about \$55,000 -- and that could sell, by WorldWise's estimate, for \$135,000.

By now, he suspected WorldWise never wanted him to repay that \$6,800 loan.

A trial date...wanted to avoid paying unnecessary fees. In Colorado, the winning bidder holds the house for 75 days before a foreclosure sale is final, and some bidders try to profit by tacking on thousands of dollars in fees if the homeowner or a creditor claims the house.

Caragol also said...

... his father died of cancer, he fell into a prolonged depression, losing sleep and work, and finally closed the practice .When he received a foreclosure notice last year, there were two other liens against his Denver home: McMillan's second mortgage and a \$10,000 judgment from...

8/3,K/12 (Item 2 from file: 20)
DIALOG(R)File 20:Dialog Global Reporter
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07911055 (USE FORMAT 7 OR 9 FOR FULLTEXT)
Natwest Smaller Co's - Re Cap.Reorganisation,etc Pt2
REGULATORY NEWS SERVICE
October 25, 1999
JOURNAL CODE: WRNS LANGUAGE: English RECORD TYPE: FULLTEXT
WORD COUNT: 6757

(USE FORMAT 7 OR 9 FOR FULLTEXT)

... Share, whereas the existing Ordinary Share price was only 143p, representing a discount of approximately 21 per cent. The Board anticipates that following the Capital Reorganisation the market value of a Shareholder's holding in the Company (comprising new Ordinary Shares...

... respectively, is achieved. If no Election is made, Shareholders will be deemed to have elected for new Ordinary Shares and Loan Stock in the

Default Proportion (being a 70:30 split -- Ordinary Shares: Loan Stock).

* To allow Shareholders to elect, by way of the Cash in the Annual Report which is expected to be posted to shareholders today. Since the financial year end, the Company has outperformed the HGSC (ex IT) Index

...

... Loan Stock units will be aggregated and sold in the market at the best price that can be reasonably obtained. Proceeds of sale in respect of fractional entitlements to new Ordinary Shares of #3.00 or more and proceeds of sale in respect of fractional entitlements to Loan Stock units of #3.00 or more will be returned to Shareholders entitled

...

... Shares will be redeemed at par (or converted into Ordinary Shares) if the Capital Reorganisation is not implemented. It is expected that approximately 35,832,874 new Ordinary Shares will arise as a result of the Capital Reorganisation. The Capital Reorganisation...

... Court, for the protection of creditors of the Company with debts or claims outstanding at the Effective Date. It is expected that, subject to the approval of the Court, an order confirming the reduction of share capital and cancellation of share...000 on the dealing line facility.

The total expenses payable by the Company in connection with the Capital Reorganisation are estimated to amount to approximately #850,000 (including VAT) which is equivalent to 0.91 per cent. of NAV (based on the latest available figure) and 1.66p per existing Ordinary Share.

Effect on Shareholders

As described above, the aggregate initial Principal Amount of the...

... purposes only. The adjusted net asset value per existing Ordinary Share was 180.35p on 21 October 1999, after deducting estimated expenses of

the Capital Reorganisation of approximately #850,000. Details of the effect of the Capital Reorganisation on the income...at any time will be directly linked to the capital and income value of the FTSE SmallCap (ex IC) Index, calculated at that time (and modified as appropriate) and will not be linked to the performance of the Company's portfolio...

...respect of the period from Admission to 28 April 2000. * Interest on the Loan Stock will be at a rate calculated by reference to the dividend yield on the FTSE SmallCap (ex IC) Index for the last dealing day in December... October 1999 would be paid 146.55p (namely 183.19p less a tax deduction of 20 per cent.).

The above figures are for illustrative purposes only.

Purchase of Loan Stock units by the Company Subject to the Capital Reorganisation taking place...

... Ordinary Share are likely to be significantly reduced, if payable at all. This is not intended to provide a profit forecast. The Board anticipates that, without providing a profit forecast, based on the expected dividend for the year ended 30 June 2000 and the dividend yield on the FTSE SmallCap (ex IC) Index at...

...the Management Agreement will be amended to alter the basis on which the management fee payable to the Manager is calculated. The management fee is currently calculated as follows:

* a basic fee calculated monthly at the rate of 0.0625% (plus VAT) of the funds under management payable in arrears; and * a long...not an investment company it would have to take account of accumulated realised capital losses and profits as well in determining its ability to pay dividends. As shown by the Annual Report, as at 30 June 1999, the Company had net...

...Income and Corporation Taxes Act 1988.

Deals, Certificates and CREST If the necessary approvals are obtained, the Capital Reorganisation is expected to take effect at

the close of business on 16 December 1999. Dealings in the Loan Stock units

and new Ordinary Shares are **expected** to commence on the London Stock Exchange on 17 December 1999. The Directors have resolved that the new

Ordinary Shares...

... Ordinary Shares through the CREST system. Certificates for new Ordinary

Shares and Loan Stock units issued in certificated form are **expected** to be issued commencing 21 December 1999. These certificates will replace

the existing Ordinary Share certificates, which should be destroyed...

...The CREST accounts of those shareholders electing to hold their Ordinary

Shares and Loan Stock in the CREST system are **expected** to be credited on 17 December 1999. Determination of a Shareholder's entitlement to new Ordinary Shares and Loan Stock units will be by reference to the holding...

...of such shares.

Circular to Shareholders A circular giving full details of the proposed Capital Reorganisation and related matters is **expected** to be posted to shareholders today. The Circular also contains notice of the

Extraordinary General Meeting of the Company to be held at 12.45pm on 16 November 1999.

EXPECTED TIMETABLE & PRINCIPAL EVENTS 1999 Latest time for receipt of Forms of Proxy for Annual General Meeting: 12.30 p.m. on 16 November

Latest time for receipt of Forms of Proxy for Extraordinary General Meeting: 12.45 p.m. on 16 November

Annual General Meeting: 12.30 p.m. on 18 November

Extraordinary General Meeting: 12.45 p.m. on 18 November

Latest time for receipt of forms of Election: 5.00 p.m. on 8 December

Applicable Date and Record Date: ...12.30p.m. on 18 November 1999

"Applicable Date" 8 December 1999, the date on which the NAV shall be determined for the purpose of the calculation of the initial aggregate Principal Amount "Applicable Date NAV" the NAV on the Applicable

...

... Principal Amount" the principal amount repayable on the Loan Stock from time to time "Record Date" the record date for determining a Shareholder's entitlement to new Ordinary Shares and Loan Stock units, being 10 December 1999 "Resolution" the special resolution...

8/3,K/13 (Item 3 from file: 20)
DIALOG(R)File 20:Dialog Global Reporter
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05606541 (USE FORMAT 7 OR 9 FOR FULLTEXT)
Oil, Gas & Coal Report for 4-10 Jun 99
Interfax Oil, Gas & Coal Report 4-10 June, 1999. Issue N 22(386)
WORLD NEWS CONNECTION
June 02, 1999
JOURNAL CODE: WWNC LANGUAGE: English RECORD TYPE: FULLTEXT
WORD COUNT: 14901

(USE FORMAT 7 OR 9 FOR FULLTEXT)

... raised Tatneft's long-term credit rating to "CC" from "D" (default) after Tatneft made a \$13.5 million coupon payment on its Eurobonds. The payment was made on the last day of the grace period following the scheduled payment date of April 29. The rating on \$300 million in Eurobonds issued by Tatneft Finance Plc, guaranteed by Tatneft, has also...

... company will use the funds to purchase equipment needed to prevent further declines in oil production at Megionneftegaz.

NEWS Aksyonenko **Expects** Positive Change In Fuel & Energy Sector The government **anticipates** that Viktor Kalyuzhny's appointment to head the Ministry of Fuel and Energy will lead to positive changes in the...

... priorities will be to find a compromise between the state and private capital. He said their was no reason to **expect** a major overhaul of personnel at the ministry.

Stepashin Sacks Deputy Fuel & Energy Minister Yevtushenko Prime

Minister Sergei Stepashin...Siberia and the second block of the Sakhalin-3 project. A vote in a first reading on those fields is expected in June, Tyen said.

EXPORT Russian Oil Companies Skirt IMF Export Requirements
Russian oil companies are not complying with IMF...plans to issue such obligations. "We are still thinking about it," he said.

BOT Surgutneftegaz Holding Company Key 1998 Production Figures
Item Units 1998 1997 Change (%) Production Crude oil mln tonnes 35,2
33,9
103,8 Gas production bln cu...Company receivables were up 19.9% from the beginning of the year to 7.1288 billion rubles, according to preliminary figures. The total includes 3.2516 billion rubles in the oil production area (up 10.8% since the beginning of the...

... loss of 148.117 million rubles in 1998 compared with a profit of 24.287 million rubles in 1997. The figures were reported at the annual shareholders meeting in Neftekumsk on May 12. The loss was mainly due to the increase...presumably with the intention of reselling them, a move that would break up the company.

Later, Sidanko was declared in default on a \$140 million loan from Dresdner Bank, which it had taken in order to pay tax debts owed by subsidiaries. The Beta- Eko suit...phase of the UN Oil-for-Food program. An official at one of the companies involved reported the preliminary purchase figures to the Petroleum Information Agency. Zarubezhneft will purchase 30 million barrels, Lukoil will buy 28 million barrels, Mashinimport, Rosneft and...storage facilities, including 37.2 billion cubic meters in Russia.

Hydrocarbon Reserves. As of January 1, 1999 explored reserves were estimated at 32.3 trillion cubic meters of gas and 1.9 billion tonnes of oil.

Exploration work in 1998 added...

... licenses. America's Degolyer & Macnaughton have completed an audit

for 1998 at eight new Gazprom fields and revised reserve figures for fields audited in 1997. Over 70% of gas reserves, 36% of condensate reserves and 22% of oil reserves have undergone an audit to international SEC standards. The audit generally confirmed original estimates of initial hydrocarbon reserves at the fields, reflected in the high ratio of reserves in Russian categories A+B+C1 declining yields. Gazprom posted a profit of 61.5 billion rubles on sale of product and services last year. However, the company booked a charge of 84.7 billion rubles at year-end...

... number of employees at subsidiaries declined by 32,700 to 278,400 as of

January 1, 1999.

BOT Consolidated Gazprom Figures for January 1, 1999 (mln rubles) Fixed assets 636639 Net assets 716571 Sales revenues (net of VAT, excises and other...companies to sell gas in the city. Mezhregiongaz will receive over 50% of shares in both companies. St. Petersburg is expected to reduce its overall debt for gas by 500 million rubles in 1999, including 60 million rubles paid in cash...

... territory is located 70 kilometers (38 miles) southeast of Baku. Water depths vary from 50 to 600 meters. Reserves are estimated at 400 billion cubic meters of gas, over 200 million tonnes of gas condensate, and 100 million tonnes of oil...completed a tenth well at the Chirag field. The well's flow rate, like the preceding nine, "is higher than expected," the consortium said in a press release.

Drilling at the Chirag-1 platform, position 150 kilometers from Baku in waters...

... of Kazakh oil. "Cancellation of the quota will deprive Kazakhstan of hard- currency revenues," the source said, adding that Kazakhstan anticipated this might happen. "Panic on the financial market and the declining value of the national currency are directly connected to..."

...markets. The two production companies recently held shareholder meetings that approved the merger plans. Shareholders in the new company are expected to meet June 23. The merger will take legal force four months after the effective date of the agreement on...The contract is for 25 years with an option to extend for five years upon agreement with SOCAR. Reserves are estimated at 75 million - 90 million tonnes of fuel equivalent. The Yanan-Tava, Ateshgyakh, and Mugan-Deniz structures are located in...

... shore. The contract territory covers 500 square kilometers in waters from 20 to 100 meters deep. The productive horizons are estimated to lie at depths of over 4,000 meters. Among the foreign participants, only Itochu has operations in Azerbaijan. It...over business activity. The U.S. has invested \$400 million in Uzbekistan since it gained independence. He disputed World Bank figures that overall foreign investment in Uzbekistan last year totaled \$60 million, adding that Uzbek statistical reporting needed to be brought...
... currently one-third the official rate (117.42/\$1). Officials at U.S. companies need stability and the ability to determine the outlook for their investments, he said. The Uzbek government, he added, has projected growth of 4.4% this year...

... nation's oil companies produced 24.9096 mln tonnes of crude or about 830,300 tonnes per day. The corresponding figures a year earlier were 24.6263 mln tonnes and 820,900 tonnes respectively. Lukoil produced ...
Agency with insurance company Energogarant, 1998, as well as an analysis of the current state of the insurance industry and forecasts of future trends.

The commentary contains: an analysis of the macroeconomic conditions for the development of insurance, including an assessment...

... the key factors that affect the solvency of insurers; an assessment of government policy in the area of insurance; a forecast of the consequences of new legislation; an assessment of the consequences of opening the Russian market to foreign companies; a...

8/3,K/14 (Item 1 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB
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11764099 SUPPLIER NUMBER: 57513640 (USE FORMAT 7 OR 9 FOR FULL TEXT)
Current developments.(part 1)(employee benefits)
Elinsky, Peter I.; Richardson, Terrance F.; Holmes, Eugene M.
Tax Adviser, 29, 11, 765
Nov, 1998
ISSN: 0039-9957 LANGUAGE: English RECORD TYPE: Fulltext
WORD COUNT: 11649 LINE COUNT: 00920

... modified to:
* Discontinue the use of 40% (or any other percentage) of the maximum payment amount as the basis for calculating sanctions (except for egregious failures).

* Provide for greater predictability and consistency, by replacing the prior sanction structure with a limited...eligible for VCR/SVP/Walkin CAP, terminating plans will want to do a thorough diagnostic check before submitting Form 5310, Determination Letter Regarding Plan Termination. The procedure included in its definition of "under examination" notification from the district office that such...

...before Sept. 3, 1998, the amendment deadline is extended to the last day of the twelfth month beginning after the date on which the last of such collective bargaining agreements terminates (determined without regard to any extensions after Sept. 2, 1998), if later than the last day of the plan's remedial...

...guidance on the treatment of loan repayment after a deemed distribution has occurred and on interest that accrues while the loan is in

default. These open issues have been the subject of much concern from plan administrators and record-keepers.

Plan basis: Under the 1995 proposed regulations, if a plan declares a loan to be in **default** and issues a Form 1099-R, Statement for Recipients of Total Distributions from Profit-Sharing, Retirement Plans, Individual Retirement Arrangements...counted a deemed distribution as plan basis, but provides that basis does not arise until repayment is made.

Interest on **defaulted loan:** If a person takes a loan from a bank and does not make payments on it, the bank will eventually...

...plan asset), many employers and recordkeepers have wondered how to treat the interest that accrues on the note when the loan goes into **default** and a-Form 1099-R is issued. The informal IRS answer over the years has been that the accrued interest...

...1.72(p)-1, Q&A-19(a) states that the accrued interest continues to accrue and is counted in **determining** the amount available to the participant for a loan.

Example: P took a \$42,000 loan (for a home) in...

...loan grew to approximately \$18,000. The outstanding balance and the accrued interest on the loan are added together in **determining** whether the participant can take another loan. Even if the plan permits a second loan while there is an outstanding...

...Transition rules: Prop. Regs. Sec. 1.72(p)-1, Q&A-21(c)(3) provides three examples of how to **calculate** the basis and distribution once a distributable event occurs. The examples focus on how the employer has treated the **defaulted loans** in previous years, and what the plan has to do to comply with the proposed regulations.

Payroll withholding: The preamble...5% or the rate specified in the plan.

Sec. 415(e)(3) provides rules on the actuarial assumptions used in **determining** the present value of lump-sum payments.

The Retirement Protection Act of 1994 (RPA '94), part of the Uruguay Round...

...Sec. 415. First, RPA '94 Section 767 provided a special mortality table

and changed the applicable interest rate used to determine the present value of a benefit subject to Sec. 417(e)(3). Second, it added new
Sec. 415(b)(2...).

...generally effective for limitation years beginning after 1994, but plans were permitted to elect to use their old assumptions to calculate the present value of lump-sum distributions under Sec. 417(e)(3) until plan years beginning after 1999.

Rev. Rul...

...plan that was in effect before Dec. 7, 1994 need not use the RPA '94

interest and mortality assumptions to calculate Sec. 415 limits before the earlier of (1) the date a plan amendment applying the new assumptions is adopted or...ruling lists the benefits subject to the special interest rate under Sec. 415(b)(2)(E) (ii); shows how to determine the applicable interest rate; provides the effective dates for the changes to Sec. 415; addresses coordinating plan amendments required to...

...Benefit Plan Distribution Valuation

The IRS has released final and temporary regulations(11) on interest and mortality assumptions required to calculate present values for defined benefit plan distributions under Sec. 417(e)(3). The regulations were effective April 7, 1998, and...

...present value calculations under Sec. 417(e)(3) are used for three separate Code requirements imposed on defined benefit plans:

- * Calculating the present value of lump-sum cashouts of a participant's defined benefit plan amount under Sec. 417(e).
- * Determining whether the lump-sum value exceeds the \$5,000 cap on mandatory cashouts under Sec. 411(a)(11).
- * Calculating the permissible maximum equivalent benefits payable under Sec. 415(b) when such benefits are not paid as an annual benefit.

Background: As discussed above, the RPA '94 provides that present value amounts calculated under Sec. 417(e) must not be less than the amount derived using (1) an applicable mortality table prescribed by...

...assumptions and permitted plans to use interest rates based on the

Pension Benefit Guaranty Corporation's interest rate used to determine lump-sum present values in plan terminations. The IRS released proposed regulations implementing these changes on April 5, 1995.

The...

...e)-1(d)(10) provides limited Sec. 411 (d)(6) relief for certain plan amendments that change the time for determining the applicable interest rate and provides several examples on these protections.

New Determination Letter Procedures and User Fees

Two revenue procedures update the rules for IRS employee plan letters

and rulings. Rev. Proc. 98-6(13) revises the employee plan determination letter procedures, effective Jan. 5, 1998. According to the IRS, Rev. Proc. 98-6 is a general update of Rev. Proc. 97-6, (14) which contains the IRS's general procedures for employee plan determination letter requests. Most of the changes to Rev. Proc. 97-6 involve minor revisions, such as updating citations to other procedures.

Plan transfers: The one substantive change in Rev. Proc. 98-6 is to the "no determination letter" list in Section 3.02, expanding the types of plans the IRS will consider. Rev. Proc. 98-6 removes from the no-determination list the issues of transfers of excess assets from ongoing defined benefit plans to defined contribution plans or transfers in

...

...SBJPA and the Uniformed Services Employment and Reemployment Rights Act.

Rev. Proc. 98-14(15) announced the opening of the determination letter process for plan amendments required by these new laws. However, there are a few exceptions to the plans and amendments the IRS will consider:

* In issuing determination letters, the IRS will not rule on changes involving master or prototype plans and regional prototype plans not yet amended to comply with GATT, the SBJPA or the TRA '97, unless such plans are terminating plans.

* The IRS review for determination letters will not consider SBJPA changes for provisions effective for plan years beginning after 1998 (e.g., Sec. 401(k...).

...2(b) and 1.401(a)(4)-3(b), because such plans may discriminate against NHCEs. In filing for a determination letter after April 26, 1998, such plans may not designate their status as a safe-harbor plan. Plans wishing to...

...further notice).

User fees: Rev. Proc. 98-8,(16) effective Jan. 5,1998, adjusts user fees for various ruling letters, determination letters and other employee plan and exempt organization matters. Fees for individual determination letters, SVP and VCR are generally unchanged.

Simplified Method for Taxing Qualified Plan Annuities

Notice 98-2(17) describes the new simplified method required under Sec. 72(d) for determining the taxable and nontaxable portions of annuity payments made from Sec. 401(a) qualified plans and Sec. 403(a) and (b) annuities. Notice 98-2 replaces Notice 88-118,(18) which had provided an optional simplified method for determining the taxable and nontaxable portions of such payments. The new method generally applies to any annuity with a starting date...

...Under the new method, the portion of each annuity payment a distributee

excludes from income is a level dollar amount determined by dividing (1) the investment in the contract by (2) the expected number of annuity payments listed in the appropriate table in the notice.

Pre-1998 starting dates: For annuity starting dates after Nov. 18, 1996 and before 1998, the expected number of payments is taken from Table I:

Table I

Age of primary annuitant	Expected number of payments
55 and under	360
56-60	310
61-65	260
66-70	210
71 and over	160

Post-1997 starting dates: For annuity starting dates beginning after

1997, the table used to determine the **expected** number of payments depends on whether the payments are based on the life of more than one individual.

Life of one individual: If the annuity is based on the life of only one individual, the **expected** number of payments is the same as under Table I, above, based on the annuitant's age (rather than the...

...Life of more than one individual: If the annuity is based on the life of more than one individual, the **expected** number of payments is taken from Table II, and is based on the annuitants' combined ages at the annuity starting date.

Table II

Combined ages of annuitants	Expected number of payments
--------------------------------	---------------------------------------

110 and under	410
111-120	360
121-130	310
131-140	260

141 and...without life contingencies: For an annuity that does not depend on the life expectancy of one or more individuals, the **expected** number of payments is the number of monthly annuity payments under the contract.

Investment in the contract: The investment in...

...to the plan), reduced by amounts received before the annuity starting date that were excluded from income. The investment is **determined** without regard to the adjustment for any refund feature described in Sec. 72(c)(2).

Because the death benefit exclusion...

...may no longer increase the investment in the contract by the death benefit exclusion.

Excluded amount: The excludable dollar amount **determined** under these rules will be excluded from each monthly payment, even if the amount of the annuity payments changes. For...

...investment is recovered. For annuity starting dates after 1986, annuity payments received after the investment is recovered (generally, after the expected number of payments has been received) are fully taxable. If annuity payments stop because of death, a deduction for the...
...Nonmonthly payments: An adjustment is necessary when annuity payments are not made on a monthly basis. One method is to determine the number of expected payments by dividing the applicable expected number of months in the applicable table by the number of months in each period. Another way is to determine the tax-free portion of a monthly payment using the applicable expected number of months from the applicable table and then multiply the resulting monthly dollar amount by the number of months...

...1996 and before 1997, pre-SBJPA law (including the optional simplified method under Notice 88-118) may be used to determine the taxable and nontaxable portions of annuity payments received in 1996 and 1997. Thus, payors will not need to re...

...account the SBJPA changes.

Under this transition rule, a payor who reports the taxable portion on Form 1099-R must determine the taxable and nontaxable portion of annuity payments made after 1997 under the "transition method." (Payors may choose to apply...)

...after 1996.) Under the transition method, the nontaxable portion of each payment made on or after the transition date is determined by dividing the remaining investment in the contract by the remaining number of expected payments.

For this purpose, the "remaining investment in the contract" is the distributee's original investment as of the annuity...

...of the investment treated as recovered after the annuity starting date and before the transition date. The "remaining number of expected payments" is the total number of expected monthly payments on the

annuity starting date, less the number of payments made before the transition date.

If the payor...

...not report the taxable portion of annuity payments on Form 1099-R,

a

distributee who uses the transition rule must determine the taxable and nontaxable portions using the transition method.

ESOPs

S Corporations

The TRA '97 included several provisions that will...of time some or

all of an S corporation's income) potential is significant. The participants will pay tax on gains from the sale of the securities when they are distributed from the ESOP.

Cash distributions allowed: ESOPs are generally required by Secs. 409

...employer securities occurring after May 6,1997, the period the employer

securities were held by the plan need not be calculated. The holding period will be deemed to be 18 months, hence qualifying the NUA for the 20%

capital gains rate (10% if the gain would otherwise be taxed at 15%). However, the actual holding period in the distributee's hands determines the tax rate that will apply to the NUA occurring after distribution from the plan.

This notice resolves an important question for participants who received employer plan lump-sum distributions (including employer securities in 1997) and subsequently sold the securities. Returns can now be filed applying the 20% (or 10%) rate for these assets.

Rev. Rul. 81-122(26) stated that...

...in Notice 98-49, trustees must follow the guidance in the notice. Notice

98-49 also modifies the rules for calculating the nontaxable return of basis in distributions set out in Notice 87-16(31) as they will apply to First...

...per year.

* Clarification of the phaseout range for married individuals filing separately as \$0-\$10,000.

* Clarification that AGI is determined for the year of the conversion without regard to the amount taxable because of the conversion.

* The required five-year...

8/3,K/15 (Item 2 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB
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11513913 SUPPLIER NUMBER: 57638381 (USE FORMAT 7 OR 9 FOR FULL TEXT)
Mechanic's lien rights.(Construction Corner)(understanding mechanic's lien
security)(Column)
Fullerton, James D.
Business Credit, 101, 9, 50(4)
Oct, 1999
DOCUMENT TYPE: Column ISSN: 0897-0181 LANGUAGE: English
RECORD TYPE: Fulltext; Abstract
WORD COUNT: 5097 LINE COUNT: 00391

... 10 percent, whether or not the bank had security? Which banks would make money and which would lose? What would determine profitability? The obvious answer again is security. The banks that could consistently get security for their 10 percent loans would...

...could not get security would lose money.

What if the market rate for all lending was 0 percent? What would determine which lenders were profitable? Guess what? The answer is still security. The market rate for lending in your business is...

...days. If you are a 0 percent lender, security is critical to your profitability.

When you or your business owner compute the price you need to be profitable, risk factor is one of the components considered. In addition to the cost...

...and non-collection without lowering your prices, you have simply increased your profits. This is making more money in less time.

Why does security decrease the risk of non-collection?
When you purchased your last home or automobile, the bank required you to sign at least two pieces of paper. One was your promissory note...

...was a mortgage, deed of trust or other "security agreement" Your security agreement provides the bank rights against the "security property" In the event of default, the bank can foreclose upon the security property, whether it be a house, automobile or other property.

The secured creditor...

...however, the lender will be able to sell the security property to obtain repayment on some or all of the loan. If there is a default, the risk of noncollection is lower.

What Is a Mechanic's Lien?

If you supply labor and materials for the...manager must know the limitations of the security rights. If security rights are weak, it is much more important to determine whether the customer is solvent or has a good track record. Weak security rights mean that credit limits must be...

...the land records. A "second mortgage" is the second in time to be recorded in the land records on that property. If the property is foreclosed, the first lien holder has a "higher priority" to the proceeds of sale and will receive all of the proceeds of sale until paid in full. If there are any sales proceeds left, they go to the second mortgage holder, until the...

...is paid in full, and so on. The priority of any type of lien is extremely important and will often determine whether or not the lienholder gets paid. A lien with low priority can easily be worthless.

There are very few...

...that payment has been made for all such labor and materials.

The priority of various liens on real property also determine whether or not the liens survive foreclosure. If the first mortgage holder forecloses, then the second and third mortgage holders are eliminated. These inferior lien holders have no security interest in the property after foreclosure. All liens that are "inferior" to the foreclosing lien holder are eliminated, but liens that are "prior" will survive the foreclosure. If a second mortgage holder forecloses, the first mortgage holder would be unaffected. The foreclosure purchaser now owns the property "subject to" the prior first mortgage lien.

If a mechanic's lien is "inchoate," it is prior to most other...

...the mechanic's lien in this case prior or inferior to the loan advance?

This seemingly minor issue can easily determine whether a mechanic's lien claimant gets paid. If a project goes belly up part way through construction, someone must...mechanic's lien law in these states. Subcontractors and suppliers should always be aware of these types of waivers in determining whether to supply labor and materials to a project, at what price and whether some form of alternative consensual security...

...likely that they will return phone calls or provide copies of documents.

You need this information early, while you are determining your risks of default and noncollection on this sale.

A site plan for the project is the single most important...

8/3/K/16 (Item 3 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB
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10902345 SUPPLIER NUMBER: 54205857 (USE FORMAT 7 OR 9 FOR FULL TEXT)

Surviving '98 as a small servicer.(mortgage servicers)(Cover Story)

Schneider, Howard

Mortgage Banking, 59, 5, 14(6)

Feb, 1999

DOCUMENT TYPE: Cover Story ISSN: 0730-0212 LANGUAGE: English

RECORD TYPE: Fulltext

WORD COUNT: 4332 LINE COUNT: 00352

... vice president of loan administration. "Servicing augments production and secondary marketing," he notes. Headlands is a wholesale lender that earns income primarily by selling its originations. Current production typically is placed in the servicing portfolio for three to six months, in order to build...but Plumb is looking for a client-server system that will allow him to bring the servicing in-house. He forecasts significant cost savings as a result, while also having more control.

Although Continental would have to pay for the servicing software, Plumb doesn't expect to need to add to the two people now handling Continental's servicing information systems. His staff consists of 11...

...Bennion. He notes that most industry information comes from larger firms whose methods and organization are different. Whether it's determining salary levels or "bouncing decisions off someone" regarding growth and ...service their loans. Some borrowers who obtained government-insured mortgages from Lake are upset to find that their servicing was sold to another firm.

Servicing income also helps pay the company's expenses when originations are slow. Although Lake closed \$108 million in 1998, a typical

...

...the firm can handle Year 2000 computer issues. One incident that showed

that the Year 2000 problem is real occurred last May, when a customer wanted to make his payment for January 2000. Neither Lake's system nor Fannie Mae's could handle the payment at the time, Howard notes

...

...conforming product, we need to be proactive." This is especially important on new loans, he notes, where a first payment default can indicate a fraudulent loan or poor underwriting decision.

New borrowers usually are called about 10 days before their first payment is due. "This is...

8/3,K/17 (Item 4 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB
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10618001 SUPPLIER NUMBER: 21266406 (USE FORMAT 7 OR 9 FOR FULL TEXT)

Melton, Chambers, factoring company sued over delinquent loan.
(Solomon

Financial Inc. owners Andrew Melton and John Ed Chambers III sued by First Commercial Bank)

Haman, John

Arkansas Business, v15, n43, p1(2)

Oct 26, 1998

ISSN: 1053-6582 LANGUAGE: English RECORD TYPE: Fulltext
WORD COUNT: 1012 LINE COUNT: 00082

... 15, Melton has now been sued for nearly another \$1 million by Little Rock's First Commercial Bank for allegedly defaulting on a

loan the bank made to Solomon Financial Inc., the factoring business owned by Melton and Danville banker John Ed Chambers III...

...is going to have trouble collecting on its debt accounts. Many of Solomon's clients are companies willing to sacrifice **revenue** by selling their accounts receivable at a discount in exchange for a quick boost in cash flow.

The bank's complaint, though...

...about the First Commercial suit. Bill Watt, Melton's attorney, says he wasn't familiar with the suit's details when he was contacted early last week. Gammill, the **receiver**, also declined to comment.

Chambers, at least, has roughly outlined his strategy for defending himself against the lawsuit. In an...

...owned 13,829 shares of Worthen's stock, or \$475,371 as of Aug. 18, 1994.

Arkansas Business couldn't determine whether Melton sold the stock or held on for the profitable mergers of Boatmen's with NationsBank Corp. and then...

...Gary P. Wilson.

A Mansion Lost

Last summer, Melton's \$1 million mansion in west Little Rock became embroiled in **mortgage foreclosure** litigation.

Horizon Bank of Hot Springs (now known as Mercantile Bank) filed suit against Melton and his wife, Tina. Horizon...

8/3,K/18 (Item 5 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB
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07711754 SUPPLIER NUMBER: 16662400 (USE FORMAT 7 OR 9 FOR FULL TEXT)

The nonperforming secondary market. (secondary mortgage market)
Sherlock, Patricia M.

Mortgage Banking, v55, n5, p83(4)
Feb, 1995

ISSN: 0730-0212 LANGUAGE: ENGLISH RECORD TYPE: FULLTEXT
WORD COUNT: 2327 LINE COUNT: 00180

... assets have increased.

Both of these factors should encourage lenders to take a hard look at their nonperforming loans and determine the benefits of undertaking a costly loan workout for a marginal return versus selling the loan for cash that can be reinvested in quality assets.

This article addresses the residential nonperforming market. However, the...

...and the underwriting approach are all irrelevant. The important considerations include how recently the appraisal was done, how close the loan is to foreclosure (the closer the better) and the type of properties involved. For example, condominiums and mixed-use properties are valued less...

...difficult because even with the improvement in pricing made in the market, it still creates a loss.

A review of Figure 1 indicates the factors that determine whether selling the loans makes financial sense. When considering whether to hold the loans, the important ingredients to weigh are...

...within 60 days. The expenses associated with collecting the loans are a composite of real estate sales fees, legal and foreclosure costs, additional property taxes, outside vendors (lawn services and so forth), the carrying cost of the loans and the staff needed to administer the portfolio.

In the analysis to assess whether selling the loans would be wise, the sales price is determined by multiplying the current unpaid principal balance times the net price obtained from the sale of the portfolio. Then a projected reinvestment return is calculated from the cash generated by the transaction. The net proceeds plus the reinvestment return create a price percentage that can...

...with less value that are pulling down the overall price of the sale, add loans with greater collateral equity or sell a performing portfolio that will generate a gain that can help absorb the losses created by the nonperforming sale. In short, a sale can be engineered to meet... ...the steps to complete a nonperforming transaction are similar to a performing loan sale. These steps include:

* Gathering data (see Figure 2 for a list of necessary

information to market a transaction). It is important that the data be as complete...

...not as lengthy as a performing loan agreement, the typical representations made by the seller include representations [TABULAR DATA FOR FIGURE 1 OMITTED] that property taxes are paid, that other fees such as sewer and water are current, that funds have...tested the water in this emerging secondary market should review their portfolios using the information provided in this article to determine if they can realize the substantial benefits offered by this market.

RELATED ARTICLE: FIGURE 2 Data Requirements

1. Loan number 2. Current unpaid principal balance 3. Original loan amount 4. Current interest rate 5...

...9. Occupancy code 10. Property address 11. Property city 12. Property

state 13. Property zip code 14. Original LTV 15. Latest appraised value 16. Latest appraisal date 17. Payment history

Patricia M. Sherlock is president of QFS Capital Corp., based in Philadelphia. QFS is a secondary market loan sale...

8/3,K/19 (Item 6 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB
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07524974 SUPPLIER NUMBER: 16095101 (USE FORMAT 7 OR 9 FOR FULL TEXT)

3 large firms report big quarterly losses; Tyson, NorAm, Arkansas Best in

the red. (Tyson Foods Inc.; Noram Energy Corp.; Arkansas Best Corp.) Smith, David

Arkansas Business, v11, n36, p26(1)
Sept 5, 1994

ISSN: 1053-6582 LANGUAGE: ENGLISH RECORD TYPE: FULLTEXT
WORD COUNT: 704 LINE COUNT: 00055

... positive affect on earnings, the real challenge is converting a short-term gain to a long-term benefit."

American Freightways estimated the one-time benefits from the strike as \$12 million in revenues and a little more than 6 cents a...

...almost triple the \$4.6 million earnings in the second quarter last year.

That jump was caused by one-time income earned from the sale of foreclosed property and the former Union National Bank Building. Worthen sold the the Union building, which it received last year when the company acquired The Union of Arkansas Corp., to the Arkansas Public Employees Retirement System for \$11.65 million.

Earnings...

8/3,K/20 (Item 7 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB
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05229337 SUPPLIER NUMBER: 10387181 (USE FORMAT 7 OR 9 FOR FULL TEXT)
MAI phasing out production in shift to VAR. (MAI Systems Co. to become value-added reseller)
Deagon, Brian
Chilton's Electronic News, v37, n1849, p14(2)
Feb 25, 1991
ISSN: 1054-6847 LANGUAGE: ENGLISH RECORD TYPE: FULLTEXT;
ABSTRACT
WORD COUNT: 1658 LINE COUNT: 00127

... readily acknowledge as much, but assert that is leaving behind the hardware business and its thinning margins, they are merely anticipating changes that larger computer manufacturers will be forced to undertake soon enough.

"Hardware has become a commodity market driven by...

...of the analysts who still bother to follow his activities are inclined to credit Mr. Lebow's motives, let alone predict ultimate success for MAI. Mr. LeBow stepped in to bail out MAI in its most recent go-round with the...

...half its business, and its still-lucrative service business.

"Traditional minicomputer vendors are a dying breed in many ways. We estimate industry growth here at 4.4 percent in 1990, half of what the growth rate had been for the past..."

...two-year quagmire at MAI, which has required Mr. LeBow to loan the company \$ 55 million to prevent it from defaulting on bank loans, goes back to 1988, when MAI was coming off the most successful period in its 20-year history. That year...

...of banks in Canada and Germany. MAI has had to restructure that debt

three times already to avoid a default, most recently in December, when it whittled down the principal payment due in 1991 to \$ 12 million from \$ 30 million.

As in the past, the banks agreed to the deal mostly MAI expects the restructuring to shave off \$ 30 million in operating expenses this year, on top of \$ 27 million saved last year...

...manufacturing heritage and set the stage for its VAR strategy. While

gross margins will be lower as a VAR, MAI expects to offset that with reductions in the amount of capital it must commit to inventory, R&D and engineering, Mr...

...customer has changed. It's like night versus day compared to two years ago.

Since adopting its VAR posture, the revenue from MAI's average sale has multiplied by a factor of four to eight over what it averaged selling proprietary computers. The financial benefits of those

sales should begin to appear in the April and September quarters this fiscal year, predicted Michael Fabiaschi, MAI sales vice president.

MAI has also protected its installed base by having Sequent Computer and Acer Computer...

...vice president of OEM operations.

The company retains enough inventory of its remaining proprietary systems, called Advanced Series, to fill anticipated demand into the foreseeable future. But those are being phased out.

But even Mr. Anderson acknowledges that it's time...

8/3,K/21 (Item 8 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB
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05169211 SUPPLIER NUMBER: 10829169 (USE FORMAT 7 OR 9 FOR FULL TEXT)

Hamming it up: The level of profit at Fletcher's now depends on sandwich

lovers. (Fletcher's Fine Foods, packing house)
Kinnie, Phillip
BC Business, v19, n5, p79(4)
May, 1991

ISSN: 0829-481X LANGUAGE: ENGLISH RECORD TYPE: FULLTEXT
WORD COUNT: 2103 LINE COUNT: 00155

... ice cream cone one day, walked the wrong way down the street and ended up at Fletcher's here. I figured I might as well ask if there were any jobs available. I've been here ever since."

Rising through the...

...the infamous Alberta entrepreneur, Peter Pocklington, then owner of one of Fletcher's major competitors, Gainer's Inc. He had defaulted on a loan from the Alberta government, which immediately took control of the company. Politically, the government could not afford to let this...

...to close its Red Deer plant unless the government immediately divested itself of Gainer's. The government balked, refusing to proceed with any sale until Fletcher's withdrew its threat.

MacMillan finally pulled the trigger, closing the Fletcher's plant.
Alberta premier Don Getty...turned our margins around.... We'll be okay now."

But it isn't just the Alberta government and the extra profits that come from selling a value-added product that caused this change. There is also the problem that Knoedler refers to as the Elephant...

...our minds through life. One for me is the way a pig shuts its eyes on the world for the last time as it receives the electric shock that sends it to piggy heaven - or wherever.

By the time we reached the end of the...

^ 8/3,K/22 (Item 9 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB
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04597463 SUPPLIER NUMBER: 08473290 (USE FORMAT 7 OR 9 FOR FULL TEXT)

The effect of state foreclosure laws on loan losses: evidence from the mortgage insurance industry.

Clauretie, Terrence M.; Herzog, Thomas

Journal of Money, Credit & Banking, v22, n2, p221(13)

May, 1990

ISSN: 0022-2879 LANGUAGE: ENGLISH RECORD TYPE: FULLTEXT;

ABSTRACT

WORD COUNT: 5598 LINE COUNT: 00449

... bank stock. Barth, Cordes, and Yezer (1986) found that state laws

which restrict the exercise of credit remedies for personal loans in delinquency or default result in the imposition of net costs on all borrowers. Meador (1982) and Jaffee (1985) analyzed the effect of state foreclosure laws on mortgage rates. They found that contract rates were generally higher in states where the law extended the length and expense of...

...lenders' choice of either seeking a foreclosure or employing a nonforeclosure alternative is affected by state laws. He demonstrated that foreclosure rates on conventional loans are higher (lower) in states that facilitate (hinder) the foreclosure process.

An important implication of his findings is that foreclosure...

...risk according to the type of mortgage insurance for which the lenders contract. The evidence on the effect of state foreclosure laws on loan losses and on the incentive conflict will be taken from the claim experience of all private mortgage insurance companies and...

...LAWS AND INCENTIVE CONFLICTS

Cost of the Foreclosure Process

To appreciate the effect of foreclosure laws on the cost of foreclosing and liquidating properties one need only review the various cost elements involved. They can be divided into three categories:

transaction costs, property costs...

...from the foreclosure process or the liquidation of the property and include attorneys' fees, trustees' fees, sheriff's cost of sale, brokers' commissions, revenue stamps, and title charges. Property

costs include property taxes, hazard insurance, utilities, and repairs and maintenance. Opportunity costs include the...

...to warrant the complications involved. (2) The first major difference is between a judicial (court action) and nonjudicial (power-of-sale) procedure. With the judicial procedure the lender must proceed through the court which acts on a complaint, issues a decree, and stipulates what notices should be provided. Where foreclosure laws can proceed by power-of-sale, the liquidation of the property often occurs quickly through a trustee with little legal expense. (3) In these states a deed-of...

...judgment is prohibited the lender's recourse is restricted to the value of the mortgaged property. (4) Although one might expect such a provision to materially affect the amount of the loss on defaulted loans, there are some factors which may mitigate the importance of this aspect of the law. Many states that allow a...coinsurance feature consider a typical claim settlement. (6) Let

a = coverage ratio,
U = unpaid loan balance,
F = forgone interest from last payment to claim date,

Z, T, P = hazard insurance, property taxes, and property preservation

expenses during the foreclosure process
C = court costs (excluding attorneys' fees),
A = attorneys' fees,
R = rental revenue,
H = value of the house,
The exposure...

...interest. The insurance payoff, I, is given by

I = Min [E-H, αE].

The lender's position on the defaulted property is H+I. This is equal to

E, if $E-H < \alpha E$,

and

$H + \alpha E$...

...terms of the coinsurance feature. The government program has no such arrangement; it pays all the expenses associated with the foreclosure of the mortgage and the liquidation of the property. (7) Since the

lender is reimbursed for all elements of exposure with no coinsurance...

...judgment. (8)

In summary, legal restrictions on an expeditious foreclosure process (required judicial procedure and statutory right of redemption) are expected to increase the losses on residential properties and the claims made to both types of mortgage insurers. The provision for a deficiency judgment, whether frequently implemented or not, is expected to mitigate those losses. Furthermore, the difference in the coinsurance feature of private and government insurance will encourage lenders to...

...mortgage insurers and the FHA. An OLS technique is employed with the loss rate as the dependent variable and the predictor variables consisting of the state legal structure and control variables. The basic model is

$$L = f[F, E, M] \quad (5\ldots$$

...L is the loss rate, F is a set of state foreclosure variables, E is a set of socioeconomic variables expected to affect defaults on residential properties, and M is a set of identifiable mortgage characteristics on defaulted loans.(9)

Variable Selection

The PMI and FHA loss data are somewhat different in form and therefore require slightly different versions...state law.

The FHA data consist of approximately 163,000 loans for which the FHA has paid a claim (and calculated its loss) over the period 1972 through 1988. (11) The loss for each loan consists of the total claim paid

...defined as the loss divided by the original amount of the loan.

(12) In each case the loss rate is expected to be larger for loans originated in states with a judicial foreclosure procedure and a statutory right of redemption. If...

...deficiency judgements on FHA loans, then this variable should not have an impact (that is, not reduce losses).

Other variables expected to affect losses in each version of

the model are as follows.

PMI Model

This version of the model is...

...on the year of origination of each loan is unknown, alternative lags within this range are considered for two variables **expected** to affect default and foreclosure: loan value and property value (equity). In regard to the loan value, Mulherin and Muller (1987) demonstrate that lenders have a greater incentive to...

...below its balance, it is the latter that is insured. On the other hand, a mortgagor is less likely to **default** on a loan with a value below its balance. The **expected** sign on this variable is, therefore, not unambiguous. Following Clauretie (1987) and Campbell and Dietrich (1983) this variable is entered...

...the origination. Again, since for these data [r.sub.0] is unknown, alternative lags are employed.

Loan losses are also **expected** to be inversely related to property price appreciation. The variable [P.sub.j,t] measures the percentage change in property...

...of the model. A change in the unemployment rate is included rather than the level because variability of unemployment is **expected** to have the greater impact on defaults. Because it takes some time for the effect of the socioeconomic events to...

...judgment.

FHA Model

The version of the model tested with the FHA data is somewhat different. With these data each **defaulted** loan for which a claim was paid is identified. here, we can add an identifiable loan characteristic, its original loan-to PMI data represent the ratio of claim losses to risk-in-force, the FHA loss ratio is **computed** only for **defaulted** loans. Given that a loan has **defaulted**, the magnitude of the loss is not affected by variables which may have caused the exercise of the default option...

...the state will affect the size of claims. Additionally, the interest rate variable remains in the model because it is **expected** to affect

the size of the claim through lender behavior. If market rates have risen subsequent to the origination of the defaulted loan, the lender has an incentive to assign the loan to the FHA and foreclose on the property as quickly as...

...is identified for each loan in the data base. The market rate in the year of termination is employed to compute the interest relative, $([\rho_{\text{sub}} \cdot \tau - \rho_{\text{sub}} \cdot \sigma_{\text{sub}} \cdot \delta]) / [\rho_{\text{sub}} \cdot \delta]$.

3. EMPIRICAL RESULTS

The results of testing the...

...base. For each state the risk measure for the FHA is better approximated by the product of the loss per foreclosed loan and the relative number of such loans to the total insured.

An example of the modification necessary to measure the...

...procedure. Nationwide, only 50.6 percent of FHA insured loans were located in such states. Thus, a greater proportion of foreclosed loans were originated in states with a judicial foreclosure procedure than were insured in those states. The risk to the FHA...

...number of claims which occur in states with a judicial foreclosure and statutory right of redemption. For the FHA model, estimates of risk are found by including the term n/N where, for each state, n is the number of claims risk. One would not expect to see dramatic differences in contract rates under this arrangement. As the insurers become aware of the risks they may begin to price their policies accordingly. In such a development borrowers in states with onerous foreclosure laws could expect to bear the cost of the risk.

Additionally, if self-insured lenders in risky states incur large losses as a...

...or existing), and program. Ninety percent of the loans were Section 203.

Many loans did not have enough data to compute the loss rate or had missing data reducing the usable sample to approximately 85,000 loans.

(1) An early Federal...

...considered to have stringent, moderate, and lenient foreclosure laws

(Illinois, California, and Texas, respectively). Considering all expenses and revenue from foreclosed properties the study revealed that the net losses averaged 53 percent of the mean loan balance in Illinois and only 6...

...incentive to expend resources to reduce the loss. Since this is always the case for the FHA program one can expect a greater occurrence of this conflict there.

(9) The loss rate is bounded by zero from below and unbounded from...

...11) A description of the FHA data base is included in the data appendix.

(12) The loss rate should be computed by dividing the loss by the amount of the balance at the time of default. This value is absent from

Law and Economics 29(October
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Touche, Ross & Co. The Cost of Mortgage Loan Foreclosure: Case Studies of Six

Savings and Loan Associations. April 1975.

Waller, Neil. "Residential Mortgage Default: A Clarifying Analysis." Housing Finance Review 7 (Fall/Winter 1988), 321-33.

U.S. Government, Federal Housing Administration. FHA Experience with Mortgage

Foreclosure and Property Acquisitions, 1963, Washington, D.C...

8/3,K/23 (Item 10 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB
(c) 2009 Gale/Cengage. All rts. reserv.

03640470 SUPPLIER NUMBER: 06446008 (USE FORMAT 7 OR 9 FOR FULL TEXT)
Companies that rob the future; often fleeing raiders, they abandon the long

term and try to enchant investors by going for quick payoffs.
Curran, John J.

Fortune, v118, n1, p84(4)

July 4, 1988

ISSN: 0015-8259 LANGUAGE: ENGLISH RECORD TYPE: FULLTEXT
WORD COUNT: 2580 LINE COUNT: 00202

8/3,K/24 (Item 11 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB
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01888649 SUPPLIER NUMBER: 02870029 (USE FORMAT 7 OR 9 FOR FULL TEXT)

Disclosures under the Bank Board's lending regulations. (part 2)
Hall, Kenneth F.

Federal Home Loan Bank Board Journal, 16, n7, 7-14

Aug, 1983

ISSN: 0737-0725 LANGUAGE: ENGLISH RECORD TYPE: FULLTEXT
WORD COUNT: 5631 LINE COUNT: 00430

... of a lender must include in a notice of an adjustment or of maturity. Thus, the lender is left to determine the content as well as the format of the required notification.

The regulation also requires a lender to state how...In all such cases, the materiality of the lender's error or omission would likely play a major role in determining the nature of any action taken by the Bank *board.

If a borrower receives disclosure materials and discovers that certain...

...portion of the loan contract.sup.62

If disclosure materials were provided, the seriousness of the error

or omission would determine the borrower's chances of success and what the lender's response should be. For example, disclosure of an incorrect...adjusted each year to a level equal to the sum of (1) a fixed

number of percentage points (to be determined at at the time the Lender committed to making a loan) plus (2) the value of an index 45 days

...would be the weekly average yield on United States Treasury securities

adjusted to a constant maturity of one year, as computed by the Federal Reserve Board. Index values are published by the Federal Reserve

Board in its weekly press release number...

...is based on an application of then- applicable interest rate to the then-existing loan balance for the period of time since the last payment, as the outstanding loan balance is reduced, the amount of interest that accrues between payments decreases, and the portion of...

...of interest that accrues between payments also increases or decreases,

and each payment is correspondingly larger or smaller. Lenders typically

calculate the necessary payment amount by using computers or by referring to amortization tables published by varius sources. Notice of Interest...

...charges or fees that could take priority over the Lender's security interest in your home and that would be **expected** to become due on your home each each year. The purpose of requiring those payments in advance is to assure...

...due. (Non-payment could result in the Lender's losing its right to be

"first-in-line to receive the **proceeds of a sale** of the home should there be a **default** on the loan.) In addition, the Lender might require that you obtain private mortgage insurance on your loan and

other insurance on your...of which must be loan-specific. 12 CFR 226.9(a)

(1983); see *infra* n.38. One is good faith **estimate** of the various **figures** required to be disclosed, and the second is the actual amounts of those **figures**. Since the good faith **estimate** must be provided no later tg.than three days after receipt of an application, it

coincides with the timing required...

...substituted for the variable-rate disclosure required by Regulation Z.

While it may be practical to integrate the good-faith-**estimate** disclosure, lenders ay not find it practical or even possible to integrate
the final disclosure required under Regulation Z with...

...provided within three days of application. It is unlikely that lenders would be able at that early stage to provide **figures** sufficiently accurate for purposes of Regulation Z. Under Regulation Z, the final disclosure may be provided at any time prior...

8/3,K/25 (Item 1 from file: 268)
DIALOG(R)File 268:Banking Info Source
(c) 2009 ProQuest Info&Learning. All rts. reserv.

00424772 147305911 (USE FORMAT 7 OR 9 FOR FULLTEXT)
Utilities join debt sales party
Brothers, Alfred
Collections & Credit Risk, v7, n8, p44-45, Aug 2002 DOCUMENT TYPE:

Periodical; News LANGUAGE: English RECORD TYPE: Fulltext
WORD COUNT: 1,313

(USE FORMAT 7 OR 9 FOR FULLTEXT)

TEXT:

... the Resolution Trust Corp. and Federal Deposit Insurance Corp. Capital flowed into the industry; which absorbed billions of dollars in **defaulted loans** from the savings and loan and banking industries.

As government-sponsored asset sales declined in the mid-'90s, the companies formed to buy and collect **defaulted loans** turned to banks and private sellers for new sources. Credit card issuers quickly embraced the recovery created through sales of...

...to disposable income, and the recent economic woes.

Revenue Source

In this environment, asset sales became a key source of **revenue** and cash. Some sellers began to **sell** all accounts at the point of chargeoff - or 180 days past due. Now, nearly all the top 25 U.S...

...sellers can be substantial and many utilities, and firms in industries that traditionally did not sell, are increasingly evaluating whether **selling debt** should be part of the **revenue** cycle. Financial institutions and utilities have many reasons to sell loans.

First, sellers receive immediate cash for uncollectible accounts.
Cash

...

...minimally should include account number, customer name, address, work and home phone numbers if available, Social Security number, balance, open **date**, **last payment date**, and chargeoff **date** or days past due. Having complete information is not critical to completing a sale but can help fetch a higher...

...many firms start with older, archived accounts and then move to newer accounts after becoming familiar with the process.

Second, **determine** a price. Most sellers finish a net present value analysis based on historical recovery rates and costs. Discounted future cash flow **estimates** provide sellers with an "indifference

price," above which a sale makes sense and below which a sale may not make sense. If the data is not readily available for such an analysis, estimates may be used. If the portfolio to be sold is not producing any cash flow, sellers may let the market determine an appropriate price level and realize some recovery through the sales process.

Choosing Buyers

Third, determine criteria for choosing a buyer. While price is certainly a factor, prospective sellers should focus on buyers with substantial capital...

8/3,K/26 (Item 1 from file: 610)
DIALOG(R)File 610:Business Wire
(c) 2009 Business Wire. All rts. reserv.

00413692 20001120325B1577 (USE FORMAT 7 FOR FULLTEXT)
Delta Financial Corporation Launches Senior Notes Exchange Offer
Business Wire
Monday, November 20, 2000 16:18 EST
JOURNAL CODE: BUSINESS WIRE, COMTEX LANGUAGE: ENGLISH RECORD TYPE:
FULLTEXT
DOCUMENT TYPE: NEWswire
WORD COUNT: 9,389

...flows from future
operating activities will be adequate for the next 12 months to meet
its
cash
requirements, including (i) anticipated working capital needs,
including
seasonal inventory financing, (ii) the cost of distributing catalogs,
(iii)
the cost of marketing internet test...

...Substantially all the
construction cost of new stores will be capitalized. Start-up costs
will be
expensed but are not expected to have a material effect on general,
administrative and store operating expenses. During the fourth quarter
of
fiscal 2000, the...an IRS
appeals officer pursuant to the Company's protest.

FUTURE RESULTS

Future results could differ materially from those currently

anticipated by the
Company due to unforeseeable problems that might arise and possible
(i)
extreme or unseasonable weather conditions, (ii) miscalculation...
...development of New York Skyride.

On December 22, 1994, the Company commenced operations of New York
Skyride
and
began generating revenue from ticket sales to the attraction and the
sale of
merchandise at its souvenir/concession area. New York Skyride was
opened on
a
preview basis until February 21, 1995...which may be owed to the
Company.
In May 2000, the stipulation
was amended to provide a revised method of calculating rent,
forgiveness of
past charges and a further shortening of the termination notice period
from
4
months to 2 months...less options and a lower valuation of options and
warrants
granted to consultants in fiscal year 2000.

We recorded a gain on sale of non-marketable equity securities
of \$504,000
during the six months ended September 30, 2000. There were no such...
...September 30, 1999.

CHANGES IN FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

During the six months ended September 30, 2000 we sold common stock
for
proceeds of \$1,395,000 (net of commissions of \$105,000), invested
\$500,000 in
a joint venture, sold non-marketable equity securities for
proceeds of
\$283,000 and sold fixed assets for proceeds of \$53,692. These
transactions
partially offset cash used in operating activities of \$1,088,136. Cash
and
cash equivalents...the Company's market area

generally. Some of the forward-looking statements included herein are the statements regarding management's **determination** of the amount and adequacy of the allowance for loan losses on loans, the effect of certain recent accounting pronouncements...portfolio.

One of these loans has been tied up in bankruptcy court for four years, and

a full recovery is **expected**. The other is a \$218,000 write-down in connection with certain loans purchased from an unaffiliated mortgage broker. The...

...an additional provision for loan losses of \$703,000, above the budgeted \$75,000 per quarter, was made. The Committee **determined** this was the amount needed to adequately provide for future potential losses and to reflect the aforementioned mortgage loan broker...30, 1999. The provision for loan loss amounts represent management's effort to maintain an adequate reserve against losses. In determining the appropriate provision, management considers a number of factors, including specific loans in the Savings Bank's portfolio, real estate...

...ended September 30, 1999. During the quarter ended September 30, 2000, the Savings Bank expensed \$9,000 for insurance on properties acquired through foreclosure, \$8,000 for the completion of an unfinished duplex acquired by the Savings Bank, and the value of foreclosed properties held by the Savings Bank were written down an additional \$177,000 to reflect current market values. Of the \$177...

...expense are a result of changes in net taxable income during the periods and the change in accounting for tax estimates for the Company individually.

LIQUIDITY AND CAPITAL RESOURCES

The Company currently has no business other than that of the Savings...and

August 1 of each year. Interest shall accrue at a rate of 9 1/2% per annum from the most recent date to which interest has been paid, or if no interest has been paid, from August 1, 2000.

The Secured Notes will be secured by the capital...

8/3,K/27 (Item 1 from file: 813)

DIALOG(R)File 813:PR Newswire

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0556017 SE008
WASHINGTON MUTUAL ANNOUNCES RECORD ANNUAL EARNINGS AND INCREASED CASH DIVIDEND

DATE: January 19, 1993 18:27 EST WORD COUNT: 2,630

...1993, all of the outstanding shares of its \$3.75 Noncumulative Convertible Perpetual Preferred Stock, Series A (NASDAQ: WAMUP). The most recent dividend payment date for the Series A Preferred Stock was Nov. 13, 1992, and no subsequent dividends will be declared. But holders of...

...locations in California for Great Western's 14 branches in Washington. Pending regulatory approval, the acquisition of Pacific First is expected to close in second quarter 1993.

In third quarter 1992, Washington Mutual announced an agreement of merger with Pioneer Savings...

...17 branches and one mortgage lending center in the Puget Sound region. Pending shareholder and regulatory approvals, the transaction is expected to close in first quarter 1993.

During the fourth quarter, the bank completed public offerings of 2.8 million shares...

...of our public offerings indicated the capital

markets' continued support of the bank and our strategy for the future.

We anticipate that the net proceeds from these offerings will be used to fund a portion of the purchase price for Pacific...858

Interest on federal income tax refund	--	--	--	9,085
Other operating income	3,228	2,364	10,195	10,468
Gain on sale of loans	2,964	6,633	11,437	18,435
Gain on sale of other assets, net	1,108	(571)	6,575	2,299
Total other income	23,541	21,620	88,545	52.0
(60.9)				
(50.8)				
Total loans		\$6,091.9	\$5,701.8	
\$4,708.4				

NONPERFORMING ASSETS:

Nonperforming loans:

Loans under foreclosure or on nonaccrual basis	\$44.5	\$53.2
\$38.2		
Restructured loans	9.6	9.6
8.4		

Total nonperforming...

V. Additional Resources Searched

No results were found in the Internet & Personal Computing Abstracts through EBSCO.
No results were found in the Financial Times through Proquest.